

THE ROYAL BANK OF CANADA
Annual Report 1976

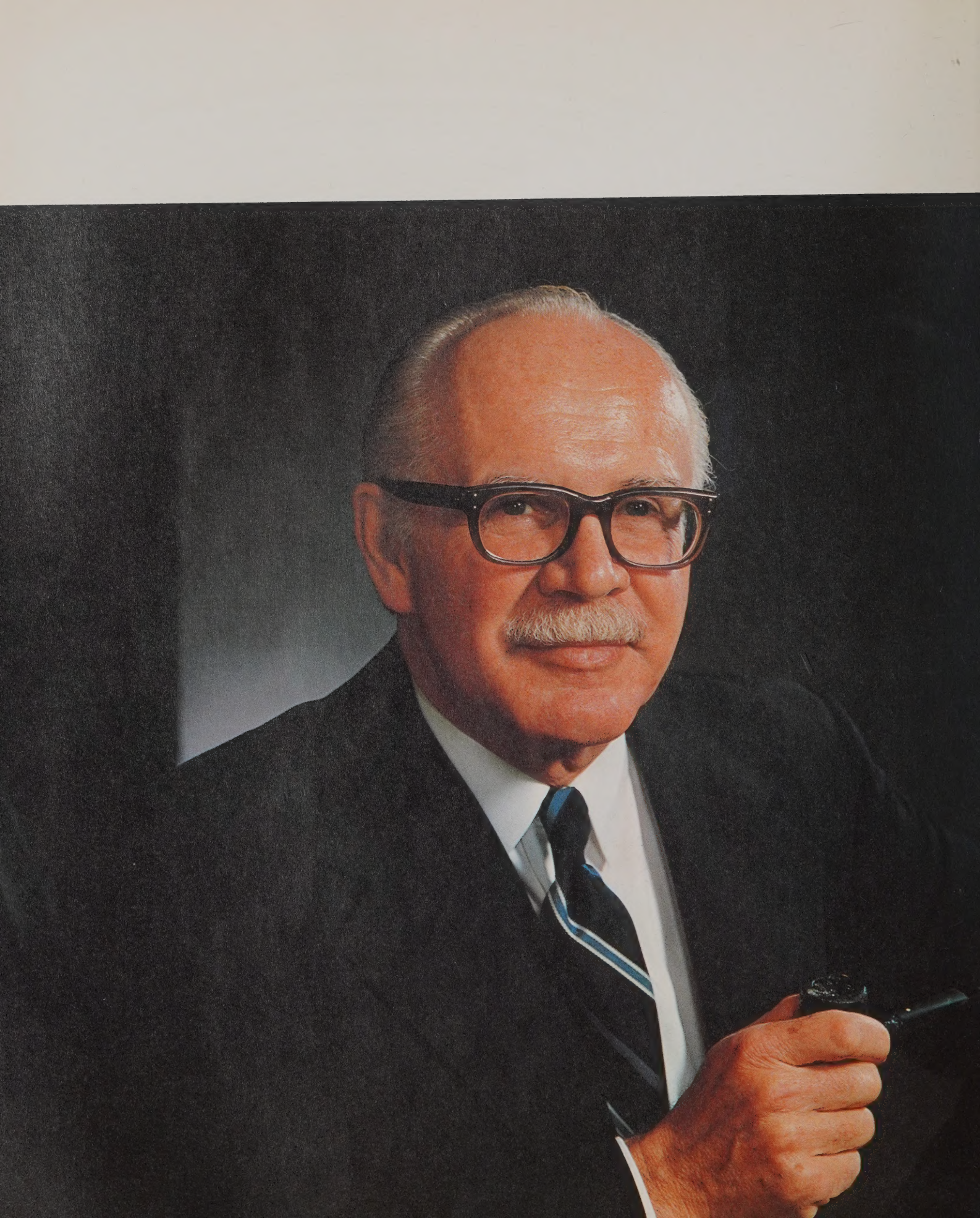


HIGHLIGHTS OF THE YEAR

For the year ended October 31st	1976	1975	Increase
Balance of revenue after taxes	\$157,388,967	\$153,241,526	2.7%
Per share	\$4.30	\$4.39	(2.1%)
Balance of profits	\$92,388,967	\$86,741,526	6.5%
Per share	\$2.53	\$2.48	2.0%
Dividends	\$47,750,537	\$43,750,594	9.1%
Per share	\$1.30½	\$1.23	6.1%
At October 31st			
Assets	\$28,831,585,507	\$25,211,131,473	14.4%
Deposits	\$26,290,830,731	\$22,870,875,156	15.0%
Loans	\$17,825,430,346	\$15,816,493,348	12.7%

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W. EARLE McLAUGHLIN
Chairman and President

TO OUR SHAREHOLDERS

Once more we are proud to present to our shareholders the results of another successful year. Our pride is not so much in the figures which are shown later in this Report, but in the intangible results of having been able to help so many people both in Canada and abroad.

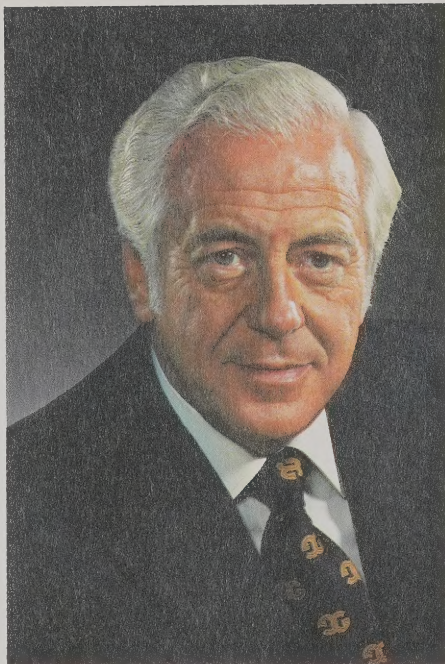
With well over \$28 billion in assets we are able to look after the banking and financial needs of many thousands of businesses in Canada and abroad. We are able, too, through our network of more than 1,500 branches, affiliates and subsidiary companies, to serve the requirements of many millions of individuals in Canada and in some 41 countries around the world.

The photographic essay that accompanies the Chief General Manager's Report on the Year's Operations this year illustrates some of the ways the Bank serves the needs of these customers. Among other things, we are involved in the financing of potato farming in Prince Edward Island, farm machinery manufacturing in Saskatchewan, home-building in Manitoba, forest products in British Columbia, and paper-making in Quebec to mention only a few of our activities. And overseas, we are actively involved in the business of financing oil and gas exploration and production in the North Sea.

Our strength, I believe, originates in our experience, our resources, both human and financial, our flexibility and our willingness to respond directly to the expressed needs of people. One cannot help but be proud of accomplishments such as these. They were forged in the true spirit and traditions of the people who built Canada itself. The same people, with the same spirit and the same traditions also helped build the Bank.

W. Earle McLaughlin.

W. EARLE McLAUGHLIN
Chairman and President



J.K. Finlayson, Deputy Chairman and
Executive Vice-President (Montreal)



W.D.H. Gardiner, Deputy Chairman and
Executive Vice-President (Toronto)

REPORT ON THE YEAR'S OPERATIONS

by Rowland C. Frazee
Executive Vice-President
and Chief General Manager

Both at home and abroad, in 1976 the operating environment for the Bank proved much more difficult than the exceptionally favourable conditions that prevailed in 1975. It is gratifying, therefore, to be able to report that the Bank's after-tax balance of revenue for 1976 again posted a gain and at \$157.4 million was 3% higher than in the previous year.

Both in Canada and abroad, the Bank's business showed significant increases. Total assets, at the year-end, were \$28.8 billion, up 14% from a year earlier. For a detailed analysis of the financial results I would refer shareholders to comments contained in "Management's Comments on the Year's Financial Results" commencing on page 38.

To a greater extent than most other years, in 1976 the attention of many Canadians focused on banks and on banking. There have been the hearings of the Bryce Royal Commission on Corporate Concentration which enquired extensively into the workings of the banking sector of the business community. There have been submissions to the government regarding the decennial revision of the Bank Act, culminating in a government White Paper on the subject.

There have been discussions with government, interested members of the financial

community, the communications and computer industries concerning the continuing evolution of the payments system and the development of a common user data communication network. Most recently there has been discussion about the government's new Bill C-16 which proposes legislation designed to provide greater protection for borrowers and depositors.

Public Expectations

The Bank's involvement and participation in these and similar enquiries have created the opportunity to ask anew a very fundamental question: what does the public expect from a bank?

Two years ago in my report on the year's operations, I discussed at some length our program for a major re-organization of the Royal Bank's corporate structure. It was put into place at the end of 1974. The purpose of the re-organization was to streamline our management by creating a more compact organization capable of utilizing more fully the available managerial resources. Its overall objective was to bring the decision-making process closer to the customer interface, thereby enabling us to attune our services still more closely to the needs and expectations of the public.

This streamlining was accomplished through the re-alignment of Head Office functions into three banking divisions—Canada, International, and Corporate Banking-Canada, and two corporate resource divisions—Finance & Investments and Administration.



Rowland C. Frazee
Executive Vice-President
and Chief General Manager

In the field there was a corresponding re-structuring of the district headquarters organization. One additional district was created in Ontario and there was some re-alignment of branches within districts.

Regional Management

Equally important, the Bank established the function of regional management within its then nine districts. Today, 45 regional managers are responsible, on average, for 35 individual branches in their respective areas. Through the regional management concept, we have been able to provide a greater degree of specialized and individual attention to our customers' needs and problems by providing more direction and support to the branches in any given area. We have also provided higher lending limits at the district level, and within the regions, thereby further decentralizing away from Head Office decision-making in the lending process.

In the current fiscal year, further organizational changes were instituted in Quebec and in Alberta. Pierre A. Fréchette, formerly General Manager for Quebec, was appointed to the newly-created post of Vice-President, Quebec. Concurrently, the more than 220 branches in that province were re-organized into two districts, Montreal and Quebec East, each headed by a General Manager.

This move, which follows a pattern already established in Ontario with satisfying results, enables us to maintain closer

contact with our branches and through them our customers.

Service Enhanced

In Alberta, somewhat similar changes are being undertaken. There, the province's 138 branches and sub-branches are being divided into two units, one centered on Calgary to the south, the other on Edmonton to the north, and each under the administration of an Assistant General Manager who reports to the General Manager of the district. Here again, we see the rationalization of our organization into smaller operating units as a way of enhancing service.

A great many of the benefits and improvements that re-organization was designed to achieve have, in fact, been realized. As a further development, we are now in the process of looking at the organization of the branch itself. This is the next major step in our continuing efforts to get closer to our customers and to be still more responsive to their needs.

We are very conscious of the obligation to provide the best possible quality of service. Accordingly, we are devoting considerable attention to the problems associated with the most effective management of people, and to educational and training programs and related activities which have a bearing on the ability of people in the organization to achieve the highest calibre of performance of which they are capable.



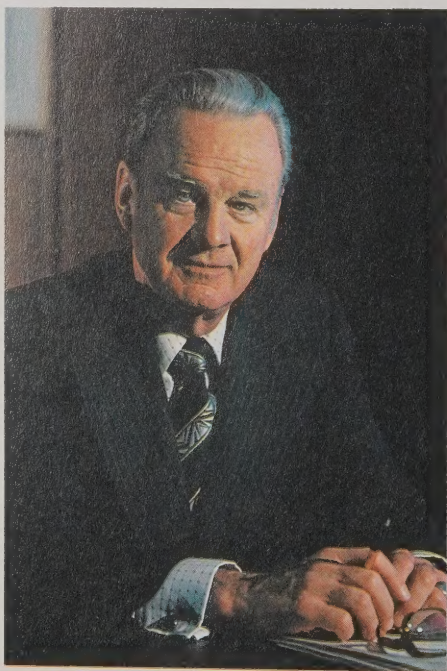
W.L. Arthur



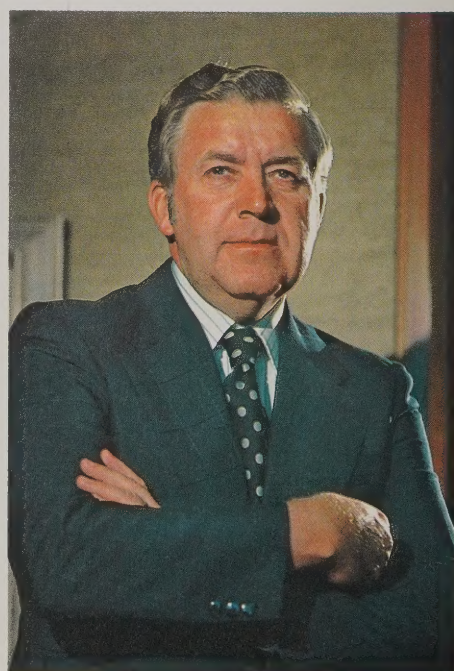
T.S. Dobson



B.J. McGill



J.C. McMillan



H.E. Wyatt

The management team supporting the Executive Vice-President and Chief General Manager consists of the heads of the Bank's two corporate resources and three banking divisions. From the extreme left, reading clockwise, are Senior Vice-Presidents and General Managers W.L. Arthur (Administration), T.S. Dobson (Finance & Investments), B.J. McGill (International), H.E. Wyatt (Canada) and J.C. McMillan (Corporate Banking-Canada).

Strength of the System

One of the strengths of the Canadian banking system lies in the fact that the branches of major banks, like the Royal, fan out across the country providing the full national, and indeed international, capability of a world-scale financial institution in communities large and small. And, regardless of whether that service is provided in Tyne Valley, P.E.I., or in Vancouver, B.C., the cost to the customer is the same.

At the Royal, we are mindful of a considerable build-up of pressure on our branches in recent years, in part occasioned by an increase in the volume of business and in customer expectations, in part by an increase in the number and variety of banking services provided.

As a result, the Royal introduced only one major new consumer service during the past year. Called "Sixty Plus", this program provides a package of free or reduced-fee banking services tailored specifically to the needs of the country's senior citizens aged sixty and over. Since senior citizens comprise a significant and growing segment of the consumer market, we believe that it is good business sense to make the Royal attractive to them.

A matter of current concern that could impact on our consumer banking services are some aspects of the Borrowers and Depositors Protection Bill now before Parliament.

Certainly, the government is to be congratulated for initiating

legislation which would further protect Canadian consumers from loan-sharking and other forms of excessive interest charges, and for taking steps to ensure that improved information is provided in respect to credit and deposit dealings.

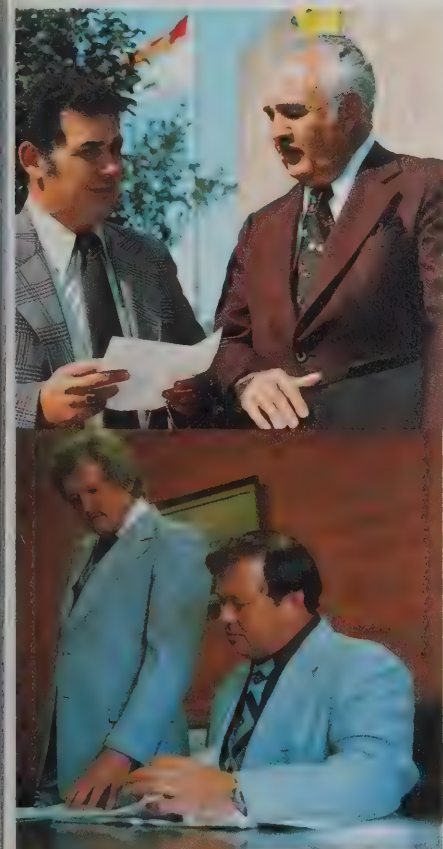
But, as I think most people will agree, the banking industry is scarcely guilty of most of the abuses and inadequacies the law is intended to correct. Chartered banks provide one of the lowest cost sources of consumer lending. Most subscribe to a voluntary code of advertising practice and disclosure. In any event, the standards which we ourselves have traditionally applied in virtually all cases have met or exceeded the requirements laid down by various provincial consumer protection authorities. I would hope that in its final form, Bill C-16 will not impose unnecessary additional reports and paperwork constraints upon the banking industry.

Training Stressed

In keeping with the importance we attach to the quality of service, we are continuing to place major emphasis on the training and education of management and staff. This is evidenced by the fact that the number of employees taking part in the various in-house and external programs in 1976 was some 15% higher than in 1975.

During the year almost 11,500 employees were participating in over 1,000 educational programs administered by the Training and Education section of the Bank. Subjects covered in these internal, bank-offered courses include:





Though many Canadian farms are still family owned, there is a trend towards large corporate "agri-business", calling for extensive banking services.

Above, top, Harris MacKenzie (left), assistant manager of Charlottetown main branch in Prince Edward Island, discusses crop prospects with branch manager Jack Bigelow. Below, D.A.D. Wood (left) assistant manager of Yorkton, Saskatchewan branch, reviews the file of a manufacturer client with branch manager P.J. Swan.

Opposite, top, a combine loads potatoes on the farm of C.M. McLean Limited of New Annan, P.E.I. Potatoes from this area are famed for their quality and constitute an important source of revenue. At the bottom, left, a welder is at work in the plant of Friggstad Manufacturing Ltd., Climax, Sask. branch clients, who produce bale wagons, cultivators, land levellers and rodweeders. On the right, products made by Leon's Manufacturing Co. Ltd. of Yorkton, Sask., a farm implement producer, are readied for shipment. Both firms market their products in the U.S.A. as well as Canada.

secretarial skills, supervision, management, effective reading, as well as a host of specialized topics ranging from lending to fraud detection and prevention.

Equitable Treatment

I would also like to comment briefly on another matter of great importance to us—the status of women within the Royal Bank. At a previous Annual Meeting I said "the Bank's policy with regard to women in the Bank is to provide equitable treatment and full opportunity to all staff regardless of sex. We are determined that this basic policy find full implementation in practice".

Since that time, we have worked hard in this area, emphasizing training programs, and stressing our basic "promote from within" policy. I will not take time to cite detailed statistics indicating progress achieved, except to note that the number of women holding management and pre-management positions in the Bank increased 27% between last year and this, to a total of just over 2,200.

On the other hand, it must also be recognized that this number of 2,200 is itself only about 27% of the total of management and pre-management positions, and that the majority of these women employees are somewhat concentrated in the lower echelons within this group.

Study Group Formed

In short, while we have no reason to be ashamed of our efforts or progress, neither do we have reason to be smug, or even satisfied.

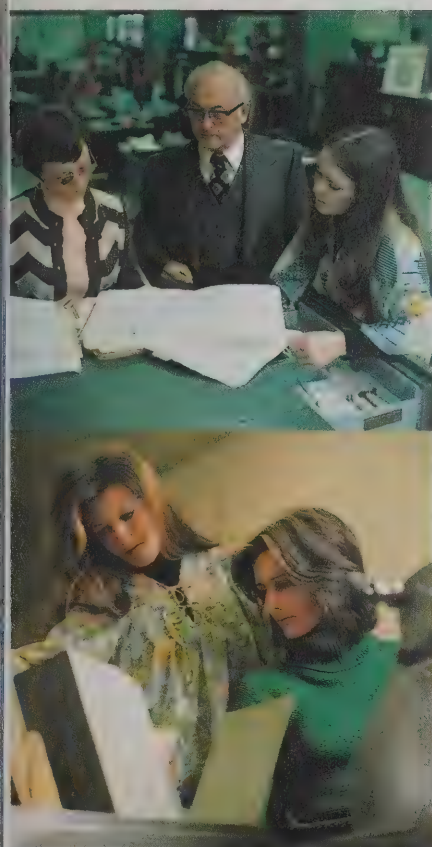
We are determined to do better, and to this end I have just recently appointed a special study group including both men and women, to act as a task force on the status of women in the Royal Bank. This group is to examine our situation, report on it to me, and make recommendations as to what further steps, if any, we should take in the area of affirmative action programs.

In recent months there has been considerable public discussion about the application of automation and computerization to the banking industry. And there have been periodic pronouncements in the media about the imminent arrival of the so-called "cashless-chequeless" society. I would therefore like to offer a perspective on these emerging technological trends and to provide some insights on the Royal Bank's progress in the field of automation.

Fears Groundless

At the outset, let me offer a measure of reassurance to all those who may be concerned that advances in electronic technology will soon eliminate both cash and the cheque. Their fears are groundless. To be sure, the technology to implement electronic funds transfer systems—or EFTS as it is called—already exists. But this method of transferring the value represented in a transaction is only one of many means—barter, cash, cheque or draft—to the same end. EFTS will be implemented only to the extent it proves to be more efficient and useful than other established means of





A unifying factor in Canada's economy is its industrial activity. Above, top, Jack Hunting, manager of Montreal, 405 de Maisonneuve branch, assisted by Patricia Napper (left) and Nancy Kearney, go over records of Domtar Limited. Below, Lise Rathe (left) and Louise Tremblay of Kenogami, Que. branch, check transactions involving the Price mill.

Application of new techniques is improving efficiency in many Quebec industries. Opposite, bottom, Charles Rousseau of the Price mill in Kenogami, Que. checks humidity changes while at the top, left, Jean-Guy Desjardins of the Domtar mill in Beauharnois, Que. verifies quality.

Also of concern to the Bank are those clients served by Community Branches which provide banking facilities to economically disadvantaged neighbourhoods. At the top, right, social worker Léon Lafleur (left), of A.P.A.M. (Ateliers protégés des adultes de Montréal), Community Branch manager Jocelyn Beaulieu (centre) and Lucette Sauriol of the federal government consumer help offices, examine a community activities bulletin.

transferring payments and, perhaps most significantly, to the extent that it gains public trust and acceptance. Evolution, not revolution, has been the history of the changes in the payment system since the dawn of civilization. There is no reason to believe that electronic funds transfer will in any way change this pattern.

The Royal Bank is well in the forefront of the application of computer and communications technology to banking. Through its network of six main data centres and ten area centres, we provide varying degrees of computer-based automated services to the majority of our branches in Canada. Our network of 1,700 on-line terminals is one of the largest in North America and provides for the needs of about half of the Bank's deposit customers.

We have also played a significant role in the development of an inter-bank credit clearing system which, after a number of years of research and development, is now emerging as a part of the overall payments system.

Important to Operations

The adaptation of automation and computer technology to the payments system and to other banking operations is important to the industry and to the public at large. It is also extremely expensive in terms of capital investment and involves a major commitment of human resources.

However, development of automated capability is an investment in the future. Without

it, given the ever-growing volume of payments by an ever more mobile society, it would soon prove impossible to provide the kind and quality of service that our customers need and, indeed, to which they have become accustomed. Moreover, it is becoming apparent that electronic age technology will enable us to develop new, improved and more convenient ways of delivering services at reasonable cost. Our TV-Teller installation in Royal Bank Plaza and "Bankette" units are cases in point.

Anticipate Needs

At the Royal Bank, our philosophy in the area of automation has been to try to foresee needs before they are actually upon us, and to then devote time and money to research and development so that we will be able to offer clients the services they want when the demand for them materializes. In this, we are acutely aware that the client-bank relationship is a highly personal one, built on trust and confidence arising out of long-term traditions. Innovation and change are desirable and necessary. But we firmly believe they should not be introduced at a rate faster than the public in general and our clients in particular are prepared to accept them in comfort.

Network Expanded

In keeping with longer range plans, the Bank continued to expand its branch network in Canada last year. In all, 55 branches were opened and 11 closed, bringing the total number of branches and sub-branches in the country to 1,474.





Discovery of oil in the British sector of the North Sea holds great promise for the future economic well-being of the United Kingdom. The enormous costs involved have called upon the financial resources, skills and equipment of many international concerns, including the Royal Bank which is a major participant in the financing of a number of North Sea oil and gas fields.

Above, A.A. McArthur (left), oil and gas representative located at our European headquarters in London, England, discusses financing details with Lorna Dodd, assistant to the regional representatives, and Guy Gillespie, manager, euro-currency loans.

Opposite, at the top, is an offshore drilling rig of the Occidental North Sea Group. Operating in isolation at sea, the rig supplies a degree of self-sufficiency in everything from housing and power to pipes, bits, chemicals and food. It is also an efficient drilling platform in rough seas. Below, drillers work at the drill head on the rig, as part of a team that must handle heavy equipment efficiently and safely in every kind of weather.

It is interesting to note that during the past five years the Royal has opened 250 branches throughout the country, a very sizeable undertaking in terms of the commitment of capital, and of human resources.

Most spectacular of our many varied real estate projects is Royal Bank Plaza which is nearing completion in Toronto. The Merchants Mall of this striking building was officially opened in October. The first of our office tenants have moved in and the Bank itself will be establishing its Ontario regional headquarters and Toronto main branch there early in 1977. Royal Bank Plaza, it should be noted, is not only making what many people have already described as a distinctive contribution to the Toronto skyline; it is well on its way to becoming truly a "people place" and the hub of an important "underground" pedestrian walkway network serving tens of thousands of people daily as they make their way around the city's downtown office core.

Meeting Needs

The thrust of our real estate program is by no means focused on the large, the new, and the spectacular. Here, as elsewhere in our banking operations, we are becoming increasingly aware of the importance of attuning ourselves to the finely defined needs and expectations of the people we seek to serve. Accordingly, in the design of our branches and other property, we are taking into account environmental factors such as open areas and green spaces, energy

conservation, urban re-development plans, the historical and cultural values of existing buildings and many other similar factors.

In Odessa, Ontario, for example, we originally planned to demolish an existing building to rebuild larger, modern facilities on the same site. When we were made aware by members of the community of a strong attachment to the historical value of this mid-19th century structure, we responded by changing our plans. Instead of being demolished, the building was preserved, renovated, and an extension added to enable us to provide expanded banking service in the community.

Building "Recycled"

In Ottawa, we are in effect "recycling" our main branch building which, while only 15 years old, had become far too small for our existing operation. Work on this new construction and re-development program has started with completion scheduled for 1979.

The Royal Bank has a major commitment to the task of helping to provide housing for Canadians. It is perhaps interesting to observe that the Bank's mortgage portfolio has grown from \$200 million in residential mortgages under administration in 1967 to just under \$3 billion at the end of last year. Of these, nearly \$2 billion were owned by the Bank while the balance was under administration for investors such as pension funds.





Most notable of the Bank's recent real estate projects is the construction of Royal Bank Plaza in Toronto, to serve as the Bank's Ontario headquarters. Above are three people closely identified with the project: J.D. Briden of Y. & R. Properties Ltd., (left), B. Zerafa of Webb Zerafa Menkes Kosciuszko, architects (centre) and Neill Blomquist, Vice-President, Globe Realty Management Limited.

The Plaza's two triangular towers (opposite, left) are linked by a glass enclosed mall which constitutes the Bank's Toronto main branch and whose glass walls permit banking and public areas to be flooded with natural light. The shopping area is called Merchants Mall, a two-level concourse linked up to other buildings. One concourse (opposite, right) offers an innovation, TV Banking, which provides a closed-circuit link between customers and a teller elsewhere in the building.

Another banking innovation in Ontario is an unmanned automated teller facility, called a Bankette, (opposite, right) adjacent to a subway station. The customer uses a magnetic encoded card to activate a door release and carry out a number of transactions. It is another "first" for the Bank in 1976 as a course held at the University of Guelph (bottom, right), jointly sponsored by the university and the Bank. Thirty school home economics, business and consumer education teachers attended the five-day course, dealing with the economics of personal decision-making.

Record Mortgage Commitments

In 1976 alone, the Royal committed over \$900 million in financial resources for residential mortgages, the highest level in the Bank's history. These commitments are financing almost 25,000 individual housing units, 56% of them new construction.

It is significant, I think, that even this record level of commitments did not fully exhaust the share of the Bank's financial resources allocated for mortgages. At the Royal at least there was no shortage of mortgage money in fiscal 1976.

I might also add that our plans for the current year call for a further substantial increase over 1976 levels in the allocation for residential mortgages. This is in keeping with our belief that the Royal has an important role to play in making mortgage funds available in communities large and small right across Canada.

The tens of thousands of independent or small businesses that operate in Canada make up one of the most important segments of the economy. They also comprise the backbone of this Bank's base of business clients.

Our interest in this segment of the market stems not only from the fact that it is numerically large. We are well aware that the successful small business enterprise of today in many cases develops into the medium to major size corporation of tomorrow.

Special Program

To meet the needs of smaller business clients more effectively, two years ago the Royal Bank established a special Independent Business Program. One of the first steps was to create in each of the Bank's districts the position of Manager, Independent Business, to co-ordinate and create a greater awareness of our various programs and services available to independent business.

A basic aspect of the Royal's Independent Business Program is educational in nature. Under the series title "Your Business Matters", the Royal has to date published eight booklets available free of charge which provide advice and counsel on a variety of general management and technical subjects in the fields of business accounting, planning, control and budgeting. This publication program will be continued in 1977.

In a further development of its Independent Business Program, the Royal last year introduced its "Independent Fisherman's Plan", a flexible lending program designed with the particular borrowing requirements of the commercial fisherman in mind. This program complements the Royal's highly successful "Farmplan" program, developed by our Agricultural Department, which provides a comprehensive package of financial services, including line-of-credit financing, to serve the needs of Canadian agri-business from coast to coast.





natural resources manifest themselves in numerous forms across Canada and where is this more striking than in the province of Alberta where large-scale farms and ranches often adjoin oil fields. Canada has tripled its energy petroleum requirements in the past 25 years so the industry will continue to seek financial assistance from many sources, including the Royal Bank which has an enviable reputation in this field.

Above, R.D. Jensen, Director, Oil and Gas Services, located in Calgary, Alberta, confers with Ruth Lewis, technical assistant, about a property on which an oil rig similar to that seen on the opposite page, right, is located.

Opposite, on the left, is an agri-bank—a mobile office that brings banking service directly to farmers. Here, client Arvin Bull (left) discusses the Bank's Farmplan with C.O. Gagne, manager of Olds, Alta. branch. Farmplan is a comprehensive package of financial services designed to meet the needs of today's farmer-businessmen. It includes line-of-credit financing program, off-farm investment options, an automated record keeping system and, if needed, the services of farm financial specialists.

Service for Professionals

A second specialized service, also part of the Independent Business Program, was introduced during the year. This is the Royal's "Business Program for Professionals". The program offers "seed money" loans to interested professionals, such as architects, chartered accountants, dentists, engineers, lawyers, and medical doctors, in their graduating year and establishes a line of credit of up to \$50,000 on graduation to assist them in establishing their own business or practice. The program also makes provision for lease-financing in amounts over \$15,000 through RoyNat Limited, an affiliate of the Royal Bank.

The "Independent Business Program" is bringing a growing number of new clients to the Bank. But quite apart from the additional banking business so obtained, we are firmly convinced that taking a special interest in the problems of smaller businesses, and assisting independent businessmen—whether clients or not—to operate more effectively and profitably is worthwhile in its own right and in the Bank's long-term interest.

Project Financing Expanded

In the corporate banking field, our Project Financing Department continues to expand both the volume and scope of its activities.

During the past year, this group was involved in more than a dozen major undertakings aggregating almost half a billion dollars.

For example, the Royal led a consortium of 16 other major world banks from five countries in arranging a \$135 million financial package for the development of a sugar complex in the Republic of the Ivory Coast. This project, which will take three years to complete, will result in estimated exports of Canadian goods and services totalling at least \$75 million.

Not all of the projects in which the Royal becomes involved are as large or spectacular. At the other end of the scale, the Bank last year assisted a family-owned Canadian manufacturing concern in financing an expansion which could not be funded out of the company's own financial resources or through conventional bank borrowing.

In this case, a \$13 million package was put together. It involved additional equity capital provided through our affiliate RoyMark Limited; long-term financing arranged with another affiliate, RoyNat Limited; financing through the Federal Business Development Bank and medium-term loans from the Royal. This financing will enable this highly successful Canadian company to expand its output two and one-half times. It is a good example of how the "know-how", size, and connections of the Royal are employed to assist the development of Canadian business and industry.

Operations Abroad

The international operations of the Royal Bank in the first half of this decade experienced exceptionally rapid expansion and the





One of many housing projects to receive mortgage loan assistance from the Bank is the Manitoba Housing and Renewal Corporation development at Nassau Square in Winnipeg.

Above, top, A.J. Mancer (left), L.W. Horley (centre) and D.R. Dalgetty of the Bank examine plans. Below, John Wemyss (left), manager, Prince George, B.C. branch, confers with senior assistant manager Murray Robbins before visiting a lumber operation.

Project work proceeds as a tradesman (opposite, bottom left) measures a form while the buildings (top, left) near completion. Bottom, right, a carrier moves logs to the sawmill of Carrier Lumber Limited of Prince George, B.C.

As important to the individual as to the industrial corporation is good money management—one reason why the Bank sponsors an extensive consumer education program. At the top right, Geoff Tuckwell of Transcona Collegiate, Winnipeg, using an overhead projector, finds the Royal's "Your Money Matters" Kit a valuable tool in teaching money management to his grade 10 business class.

Bank is now represented through branches, subsidiaries, and affiliates in 41 countries.

However, in 1976, uncertain business conditions prevailed in most of our international markets and to a considerable extent it was a period of consolidation. Despite less than buoyant market conditions, the International Division again contributed substantially to our overall growth and profitability.

The world-wide reputation for stability enjoyed by the Canadian banking system along with the Royal's stature and experience as Canada's largest international bank enables us to successfully continue the expansion of wholesale banking activities. This aspect of our business increased by more than half a billion dollars last year and saw the Bank manage, or co-manage some 30 major consortium loans. It is perhaps worthwhile to note that this is an area where size is of significance, along with reputation and "know-how". The Royal's growing international stature has reached the point where we are able to compete successfully with other world-scale banks. It is a capability which will become increasingly important to Canada, both for the further expansion of export opportunities, and for the development of our own highly capital intensive resource industry projects.

During fiscal 1976, the Royal expanded the activities of its representative office in Tokyo to create a broader business base better able to serve the expanding trade and financial interests that are developing between Canada

and Japan. On almost the other side of the world, the Bank established a presence in the small but commercially and financially important United Arab Emirates centre of Dubai, on the coast of the Gulf of Arabia. Officially opened last March, this branch will be located in permanent premises and become fully operational in 1977.

The civil war in Lebanon, of course, forced suspension of the operations of our wholly-owned subsidiary, The Royal Bank of Canada (Middle East) S.A.L. The Beirut premises of this subsidiary have been completely destroyed. The future of this subsidiary is dependent upon the stabilization of the situation in Lebanon, and we plan to resume operations as soon as possible.

Relative to our international operations, it is interesting to note that the Canadian government, in its White Paper on revision of the Bank Act, indicated it was contemplating changes which would allow foreign banks greater access to the domestic market in return for reciprocal privileges for Canadian banks. At the Royal, we welcome the opportunity to compete at home and abroad. And if, as a result of Bank Act changes, new foreign banking opportunities should open up to Canadian banks in other countries, we will certainly make every effort to capitalize on them.

Social Objectives

What society wants and expects from a bank finds its expression in considerably more than dollars and cents or bricks and mortar.





In addition to financing mining operations in Canada and elsewhere, the Bank also provides evaluations on mineral properties.

Above, top, Gerald W. Swindell (centre), senior assistant agent, New York Agency, discusses with attorneys J. Reid Bingham (left) and Dean A. Stiffle, activities of La Luz Ohio, Inc., an Appalachian coal producer. Below, Rita Campbell (left) of Guyana Bauxite Company Limited (Guybau), Brenda Hall (centre) of Georgetown, Guyana branch, and C.H. Newton of Guybau look over documents.

Opposite, top, shows contouring of land after mining at Gilbert One Mine in Ohio, U.S. By replacing the topsoil, contouring provides more arable land after removal of the mineral. Below, right, is the stockpile and barge loading complex of Crown City Mine in Ohio. At the left, a stage in the construction of the 1300 Walking Dragline at the East Montgomery Mine in Guyana, named after the late Sy Yorrick to commemorate a dedicated Guybau engineer. The erection was carried out by Guyanese skills.

Therefore, I would now like to turn to a considerably broader topic, in the area of social responsibility.

During the year, further significant progress was achieved in the continuing task of attuning the Bank's policies and actions to the social goals and aspirations of the society in which we function and which we seek to serve.

Board Committee Established

In the longer term, probably the most significant among these was the establishment within the Bank's Board of Directors of a Committee on Social Responsibility. This committee will provide thrust and impetus at the highest level to the Bank's commitment to operate in a socially responsive and useful manner as a responsible corporate citizen whose activities benefit the community, the nation, and society. Its creation is further evidence that the Bank regards social responsibility to be an integral part of the actions which comprise our daily business activities.

Complementing the formation of the Board Committee, the Royal has also established, within its Corporate Communications Department, a Social Policy Action Group.

The purpose of this staff group is to assess on an on-going basis the social implication of Bank actions and to help define more clearly what it is that the public wants and expects of us. It will establish working relationships with concerned groups and involve itself with Bank departments in

the development and implementation of actions or policies that best meet specific social needs.

The new structures I have been discussing are largely an outgrowth of a substantial, albeit less formally organized, program of activity in the field of social responsibility that has been underway for a number of years.

Educational Program Extended

Among these is work in the consumer education field. Under the umbrella title "Your Money Matters", the Royal developed a multi-faceted program aimed both at promoting the teaching of contemporary money management in the nation's schools and at improving the knowledge of adult consumers. It is with no small amount of satisfaction that I can report that better than one out of five high-school students in Canada have been exposed to material from the Royal Bank's Teacher's Kit which forms the keystone of the program, and of which some 21,000 units were distributed. Similarly, 1.5 million copies of the Royal Bank's two-volume "Your Money Matters" consumer money management booklets have been distributed. A reprinting of an up-dated booklet containing all of the information in one volume is planned for this year.

As a further step in the consumer education program, last year the Bank in co-operation with the University of Guelph sponsored a special week-long training course for high-school teachers who specialize in consumer education and personal financial management teaching. Highly successful, it is hoped that this teacher training program will be adopted by other universities in Canada.

Community Branches

Another social responsibility initiative of interest is our Community Branch project. This experimental program has involved the establishment of "store-front" bank branches in Montreal, Toronto, and Winnipeg to provide banking service in economically disadvantaged communities, many of whose members do not usually deal with a bank. A fourth Community Branch is currently being established in Vancouver and is scheduled to open early this year.

It is not the Royal's intention to establish a parallel branch system for low income areas, since that would be tokenism. Rather, we intend to apply the lessons learned from the Community Branch project to our regular operation so as to make these branches more useful and attractive to a broader cross-section of clients.

Half Million Participated

In a very different field of endeavour, the Royal has since 1972 been involved with the Canadian Olympics Association in sponsorship and promotion of the Junior Olympics Program.

In the calendar year just ended, I'm proud to report, the number of participants in official Junior Olympic events exceeded the half-million mark.

Another socially significant activity initiated by the Royal is now entering its second decade. I am referring to the Royal Bank Award which each year honours an outstanding Canadian for his or her contribution to the common good.

In 1976 the gold medal and the \$50,000 cheque which symbolize the Royal Bank Award were presented to Mary Pack of Vancouver in recognition of her lifelong crusade to bring help and hope to the tens of thousands of Canadians, young and old, who suffer from arthritis.

In the past year, to a greater extent than in many others, I have had the opportunity to visit in Canada with many members of staff at all levels. These meetings serve as a useful reminder that people are the Bank's most important single resource.

To the 34,600 men and women of the Royal Bank in Canada and abroad belongs the credit for the year's accomplishments that I have just outlined. Their dedication to the task of making the Royal an even better place at which to bank is responsible for the gratifying results attained in a year in which the business environment was far from easy.

The Challenge of Change

The decennial revision of the Bank Act, now pending in Parliament, holds promise of introducing further changes in the way we go about the business of banking. Undoubtedly, it will bring new opportunities and almost certainly more and varied competition. Hopefully the legislation will be positive and serve to constructively strengthen a financial system that is already rated by many to be the finest in the world.

All of us at the Royal Bank are looking forward to the challenge of attaining new levels of achievement in this kind of an environment.

Financial Statements

Ten-Year Statistics

Financial Review

Statement of Revenue, Expenses and Undivided Profits

	Year Ended October 31, 1976	Year Ended October 31, 1975
REVENUE		
Income from loans	\$ 2,020,941,327	\$ 1,793,721,529
Income from securities	218,045,739	189,703,523
Other operating revenue	198,245,170	179,378,127
Total Revenue	2,437,232,236	2,162,803,179
EXPENSES		
Interest on deposits and bank debentures	1,431,877,364	1,256,592,133
Salaries, pension contributions and other staff benefits	428,390,589	362,099,260
Property expenses, including depreciation	111,865,896	88,003,468
Other operating expenses, including provision of \$66,502,700 (\$49,953,686 in 1975) for losses on loans based on five-year average loss experience	197,709,420	168,236,792
Total Expenses	2,169,843,269	1,874,931,653
Balance of revenue	267,388,967	287,871,526
Provision for income taxes relating thereto	110,000,000	134,630,000
Balance of revenue after provision for income taxes	157,388,967	153,241,526
Appropriation for losses	65,000,000	66,500,000
Balance of profits (note 4) (per share 1976—\$2.53; 1975—\$2.48)	92,388,967	86,741,526
Dividends (note 4) (per share 1976—\$1.30½; 1975—\$1.23)	47,750,537	43,750,594
Amount carried forward	44,638,430	42,990,932
Undivided profits at beginning of year	1,249,317	1,758,385
Transfer from accumulated appropriations for losses	40,000,000	—
	85,887,747	44,749,317
Transferred to Rest Account	84,666,400	43,500,000
Undivided profits at end of year	\$ 1,221,347	\$ 1,249,317

Statement of Assets and Liabilities

	October 31, 1976	October 31, 1975
ASSETS		
Cash and due from banks	\$ 5,662,443,624	\$ 4,916,610,283
Cheques and other items in transit, net	576,569,391	431,670,522
Total Cash Resources	6,239,013,015	5,348,280,805
Securities issued or guaranteed by Canada, at amortized value	2,097,171,482	1,812,059,956
Securities issued or guaranteed by provinces, at amortized value	127,495,650	106,876,624
Other securities, not exceeding market value	960,629,279	657,120,413
Total Securities	3,185,296,411	2,576,056,993
Day, call and short loans to investment dealers and brokers, secured	423,237,649	669,998,750
Other loans, including mortgages, less provision for losses	17,402,192,697	15,146,494,598
Total Loans	17,825,430,346	15,816,493,348
Bank premises at cost, less amounts written off	332,448,851	237,252,792
Securities of and loans to corporations controlled by the Bank	118,573,805	145,355,927
Customers' liability under acceptances, guarantees and letters of credit, as per contra	1,108,076,701	1,070,804,604
Other assets	22,746,378	16,887,004
	\$28,831,585,507	\$25,211,131,473

	October 31, 1976	October 31, 1975
LIABILITIES		
Deposits by Canada	\$ 453,500,910	\$ 263,912,233
Deposits by provinces	295,260,487	468,017,929
Deposits by banks	4,343,729,967	4,045,624,051
Personal savings deposits payable after notice, in Canada, in Canadian currency	9,340,606,454	7,847,904,895
Other deposits	11,857,732,913	10,245,416,048
Total Deposits	26,290,830,731	22,870,875,156
Acceptances, guarantees and letters of credit	1,108,076,701	1,070,804,604
Other liabilities	141,829,201	149,061,395
Total Sundry Liabilities	1,249,905,902	1,219,865,999
Debentures issued and outstanding (note 2)	270,000,000	200,000,000
Accumulated appropriations for losses	289,946,727	277,113,334
SHAREHOLDERS' EQUITY		
Capital stock:		
Authorized — 50,000,000 shares of \$2 each — \$100,000,000		
Issued and fully paid (note 3)	73,180,800	72,951,051
Rest Account (note 3)	656,500,000	569,076,616
Undivided profits	1,221,347	1,249,317
Total Shareholders' Equity	730,902,147	643,276,984
	\$28,831,585,507	\$25,211,131,473

W. EARLE McLAUGHLIN, Chairman and President

ROWLAND C. FRAZEE, Executive Vice-President and Chief General Manager

Statement of Accumulated Appropriations for Losses

(Bracketed amounts are deductions)	Year Ended October 31, 1976	Year Ended October 31, 1975
ACCUMULATED APPROPRIATIONS AT BEGINNING OF YEAR		
General appropriations	\$ 54,145,641	\$ 86,857,409
Tax-paid appropriations	222,967,693	159,765,772
Total	277,113,334	246,623,181
Appropriation from current year's operations	65,000,000	66,500,000
Loss experience on loans for the year, less provision for losses (included in other operating expenses) based on five-year average loss experience	(16,813,590)	(33,380,057)
Profits and losses on securities, including provisions to reduce securities other than those of Canada and the provinces to values not exceeding market	5,967,926	3,050,457
Other profits, losses and non-recurring items, net	(1,320,943)	(5,833,247)
Provision for income taxes	—	153,000
Transferred to undivided profits	(40,000,000)	—
ACCUMULATED APPROPRIATIONS AT END OF YEAR		
General appropriations	42,048,737	54,145,641
Tax-paid appropriations	247,897,990	222,967,693
Total	\$ 289,946,727	\$ 277,113,334

Auditors' Report

To the Shareholders, The Royal Bank of Canada:

We have examined the statement of assets and liabilities of The Royal Bank of Canada as at October 31, 1976 and the related statements of revenue, expenses and undivided profits and accumulated appropriations for losses for the year then ended. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion these statements present fairly the financial position of the Bank as at October 31, 1976 and its revenue, expenses and undivided profits and its accumulated appropriations for losses for the year then ended.

Montreal, November 29, 1976

ROBERT M. RENNIE, C.A.
of Touche Ross & Co.

DOUGLAS J. LOW, C.A.
of Deloitte, Haskins & Sells

Notes to the Financial Statements

1. The financial statements include the assets and liabilities and results of operations of all significant subsidiaries whose accounts are permitted by the provisions of the Bank Act to be consolidated with those of the Bank, namely:

The Royal Bank of Canada (France)	RoyEast Investments Limited
The Royal Bank of Canada (Middle East) S.A.L.	RBC Finance B.V.
The Royal Bank of Canada International Limited and subsidiaries	RoyAust Limited
RBC Houdstermaatschappij B.V.	The Royal Bank of Canada (Channel Islands) Limited and subsidiary
RBC Holdings B.V.	RoyMidEast Investments Limited

As required by the Bank Act, the statements of assets and liabilities of significant subsidiaries not consolidated are included separately in these annual statements.

2. The debentures are subordinate to the claims of depositors and other creditors and consist of:

	1976	1975
7% April 15, 1977	\$ 70,869,000 }	\$ 75,000,000
7% April 15, 1991	4,131,000* }	
7½% December 1, 1987 (maturity on June 1, 1979 at the option of the holder)	50,000,000*	50,000,000
10% December 1, 1994 (maturity on December 1, 1984 at the option of the holder)	75,000,000*	75,000,000
8¾% April 1, 1982 (callable on or after April 1, 1981)	35,000,000	—
9½% April 1, 1988 (callable on or after April 1, 1984)	35,000,000*	—
	<u>\$270,000,000</u>	<u>\$200,000,000</u>

*Subject to sinking fund provisions

3. In March 1975, the Bank offered additional shares to its shareholders on the basis of one new share at \$26.00 per share for every ten shares held; shares could be purchased outright or in ten monthly instalments. During 1976 all outstanding instalments under this issue were received. Changes for the year in Capital Stock and Rest Account are as follows:

	Capital Stock		
	Number of shares issued and fully paid	Amount	Rest Account
October 31, 1975	36,211,229	\$72,951,051	\$569,076,616
Final proceeds from 1975 share issue	379,171	229,749	2,756,984
Transfer from undivided profits	—	—	84,666,400
October 31, 1976	<u>36,590,400</u>	<u>\$73,180,800</u>	<u>\$656,500,000</u>

4. The balance of profits per share figures have been calculated on the weighted monthly average of equivalent fully paid shares outstanding. The average number of shares for the year ended October 31, 1976 was 36,576,475 (1975 — 34,925,060). Partly paid shares were entitled to dividends in proportion to the amounts paid thereon.

5. The Bank is subject to the Federal Anti-Inflation legislation relative to prices, profits, compensation and dividends. In the opinion of management the Bank has operated and continues to operate in compliance with the legislation and supporting regulations. These limit dividends which can be paid to the shareholders of the Bank to \$1.38 per share during the compliance year ending October 13, 1977.

Statements of Assets and Liabilities of Controlled Corporations

THE ROYAL BANK OF CANADA TRUST COMPANY (Incorporated under the laws of the State of New York) Statement as at October 31, 1976 (In U.S. Dollars; Canadian equivalent \$.972)

ASSETS		LIABILITIES	
Cash and due from banks	\$ 22,003,073	Deposits, demand	\$ 68,350,897
United States Government securities, at amortized value	8,211,463	Deposits, time	49,591,755
Other securities, at amortized value	36,720,428	Deposits by banks	1,458,374
Loans and discounts	68,003,772	Letters of credit	3,862,742
Real estate, buildings and equipment, at cost less accumulated depreciation	7,046,842	Other liabilities	1,372,326
Customers' liability under letters of credit	3,862,742	Capital stock fully paid (100,000 shares of \$100 each)	10,000,000
Other assets	1,830,543	Surplus Fund	2,316,000
		Undivided profits	10,726,769
	\$147,678,863		\$147,678,863

NOTES: (1) The Royal Bank of Canada owns the entire capital stock of The Royal Bank of Canada Trust Company with the exception of the directors' qualifying shares. This investment is carried on the books of the Bank at U.S. \$9,991,000.

(2) Under New York Banking Law the Surplus Fund is not available for the payment of dividends. The Fund must be built up to 65% of capital stock and until this has been accomplished transfers of not less than 10% of each year's net income must be made to the Fund.

GLOBE REALTY CORPORATION, LIMITED (Incorporated under the laws of Canada) and its wholly-owned subsidiary companies **Globe Building Corporation, Globe Realty Management Limited** Condensed Consolidated Statement as at October 31, 1976 (In Canadian Dollars)

ASSETS		LIABILITIES	
Cash in bank	\$ 186,049	Accounts payable and other liabilities	\$ 329,567
Real estate, buildings and equipment, at cost less accumulated depreciation (note 2)	40,633,626	The Royal Bank of Canada	20,791,249
Other assets	1,281	Capital stock fully paid (40,320 shares of \$100 each)	4,032,000
		Surplus	15,668,140
	\$ 40,820,956		\$ 40,820,956

NOTES: (1) The Royal Bank of Canada owns the entire capital stock of Globe Realty Corporation, Limited. This investment is carried on the books of the Bank at \$1,614,000.

(2) In accordance with agreements providing for the leasing of certain lands to third parties, Globe Realty Corporation, Limited has pledged lands having a cost of \$8,826,417 as part of the security for mortgages arranged by the third parties on the properties. The terms of the agreements provide that buildings on these lands become the property of the Corporation at the expiration of the leases.

Controlled Corporations (continued)

THE ROYAL BANK OF TRINIDAD AND TOBAGO LIMITED (Incorporated under the laws of Trinidad and Tobago) and its wholly-owned subsidiary companies
Royal Bank Trust Company (Trinidad) Limited, The Royal Bank Mortgage and Finance Company Limited
 Condensed Consolidated Statement as at September 30, 1976 (In Trinidad and Tobago Dollars; Canadian equivalent \$.416)

ASSETS		LIABILITIES	
Cash and due from banks	\$106,099,384	Deposits	\$430,140,906
Cheques and other items in transit, net	1,221,111	The Royal Bank of Canada	7,123,749
Securities, at cost	9,374,132	Acceptances, guarantees and letters of credit	34,269,559
Loans and advances, less provision for losses	351,427,964	Other liabilities	6,162,546
Real estate, buildings and equipment, at cost less accumulated depreciation	8,419,221	Capital stock fully paid (12,500,000 stock units of \$1 each)	12,500,000
Customers' liability under acceptances, guarantees and letters of credit	34,269,559	Surplus (including share premium of \$11,847,555 and statutory reserve of \$5,500,000)	20,629,217
Other assets	14,606		
	\$510,825,977		\$510,825,977

NOTE: The Royal Bank of Canada owns 61% of the capital stock of The Royal Bank of Trinidad and Tobago Limited. This investment is carried on the books of the Bank at Can. \$2,967,527.

THE ROYAL BANK OF CANADA HOLDINGS (U.K.) LIMITED (Incorporated under the laws of Great Britain) and its wholly-owned subsidiary company **The Royal Bank of Canada Trust Corporation Limited**
 Consolidated Statement as at September 30, 1976 (In Sterling; Canadian equivalent \$1.615)

ASSETS		LIABILITIES	
Cash and due from banks	£ 16,028,287	Deposits	£ 18,810,046
Securities, at cost	683,552	Accounts payable and other liabilities	611,287
Loans and advances	49,021,874	The Royal Bank of Canada	42,035,347
Other assets	396,917	Capital stock fully paid (3,750,000 shares of £1 each)	3,750,000
		Surplus	923,950
	£ 66,130,630		£ 66,130,630

NOTE: The Royal Bank of Canada owns the entire capital stock of The Royal Bank of Canada Holdings (U.K.) Limited. This investment is carried on the books of the Bank at Can. \$5,784,750.

Controlled Corporations (continued)

THE ROYAL BANK JAMAICA LIMITED (Incorporated under the laws of Jamaica) and its wholly-owned subsidiary company Royal Bank Trust Company (Jamaica) Limited Condensed Consolidated Statement as at September 30, 1976 (In Jamaican Dollars; Canadian equivalent \$1.10)			
ASSETS		LIABILITIES	
Cash and due from banks	\$ 18,064,665	Deposits	\$ 88,709,882
Cheques and other items in transit, net	2,387,832	The Royal Bank of Canada	5,122,840
Securities, at cost	6,884,285	Acceptances, guarantees and letters of credit	9,765,399
Loans and advances, less provision for losses	68,655,036	Other liabilities	2,410,087
Real estate, buildings and equipment, at cost or valuation less accumulated depreciation	4,222,133	Capital stock fully paid (3,000,000 stock units of \$1 each)	3,000,000
Customers' liability under acceptances, guarantees and letters of credit	9,765,399	Capital reserve (note 2)	1,225,645
Other assets	2,051,442	Surplus (including statutory reserve of \$1,530,000)	1,796,939
	\$112,030,792		\$112,030,792

NOTES: (1) The Royal Bank of Canada owns 75% of the capital stock of The Royal Bank Jamaica Limited. This investment is carried on the books of the Bank at Can. \$2,532,005.
(2) The capital reserve arises from the independent appraisal of the real estate and buildings.

Auditors' Report

To the Shareholders, The Royal Bank of Canada:

We have examined the statements of assets and liabilities of controlled corporations of The Royal Bank of Canada as at the dates indicated. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.
In our opinion these statements present fairly the financial position of the corporations as at the dates indicated.

Montreal, November 29, 1976

ROBERT M. RENNIE, C.A.
of Touche Ross & Co.

DOUGLAS J. LOW, C.A.
of Deloitte, Haskins & Sells

Ten-Year Statistical Review

(in thousands)

ASSETS AND LIABILITIES	1976	1975	1974	1973
ASSETS				
Cash resources	\$ 6,239,013	\$ 5,348,281	\$ 4,563,183	\$ 5,338,982
Securities	3,185,296	2,576,057	2,812,869	2,143,978
Loans including day loans	17,825,430	15,816,493	12,713,031	9,972,051
Bank premises (net)	332,449	237,253	168,306	137,749
Other assets	1,249,398	1,233,047	1,412,491	770,775
Total	28,831,586	25,211,131	21,669,880	18,363,535
LIABILITIES				
Deposits	26,290,831	22,870,875	19,441,373	16,800,301
Sundry liabilities	1,249,906	1,219,866	1,340,098	713,124
Debentures	270,000	200,000	125,000	125,000
Accumulated appropriations for losses	289,947	277,113	246,623	233,835
Shareholders' equity	730,902	643,277	516,786	491,275
Total	28,831,586	25,211,131	21,669,880	18,363,535
ACCUMULATED APPROPRIATIONS FOR LOSSES				
Accumulated appropriations at beginning of year	277,113	246,623	233,835	215,840
Additions (deductions) during year:				
Current year's appropriations #	65,000	66,500	45,100	41,350
Losses on loans under (over) 5-year average #	(16,813)	(33,380)	(3,450)	3,586
Profits and losses on securities #	5,968	3,050	(27,686)	(5,736)
Other profits and losses (net) #	(1,321)	(5,833)	(974)	1,351
Provision for income taxes	—	153	(202)	2,444
Transfer to undivided profits	(40,000)	—	—	(25,000)
	12,834	30,490	12,788	17,995
Accumulated appropriations at end of year				
General appropriations	42,049	54,146	86,857	105,832
Tax-paid appropriations	247,898	222,967	159,766	128,003
Total	\$ 289,947	\$ 277,113	\$ 246,623	\$ 233,835

#For space reasons, some statutory headings have been abbreviated or reworded but in all such cases amounts correspond to those in annual statements where published.

1972	1971	1970	1969	1968	1967
\$ 3,688,244	\$ 3,003,367	\$ 2,648,853	\$ 2,293,326	\$1,551,736	\$1,256,322
2,296,048	2,258,855	1,875,637	1,703,127	2,053,956	1,731,833
8,111,053	6,973,914	6,166,013	5,752,525	4,739,084	4,402,748
119,920	117,346	96,815	93,286	90,009	84,141
552,251	600,096	581,305	353,895	308,433	304,615
14,767,516	12,953,578	11,368,623	10,196,159	8,743,218	7,779,659
13,537,382	11,772,301	10,303,212	9,308,225	7,955,074	7,028,815
496,985	512,240	513,921	363,189	297,379	297,370
75,000	75,000	—	—	—	—
215,840	186,193	160,465	149,733	130,670	105,418
442,309	407,844	391,025	375,012	360,095	348,056
14,767,516	12,953,578	11,368,623	10,196,159	8,743,218	7,779,659
186,193	160,465	149,733	130,670	105,418	94,165
35,814	26,830	24,660	17,700	14,441	3,813
(2,222)	(4,752)	(5,037)	4,489	1,929	3,895
8,326	5,252	(7,498)	(3,156)	(984)	667
3,343	(1,602)	(1,393)	30	(5,964)	(1,122)
(614)	—	—	—	15,830	4,000
(15,000)	—	—	—	—	—
29,647	25,728	10,732	19,063	25,252	11,253
104,786	112,108	116,635	119,973	121,633	97,566
111,054	74,085	43,830	29,760	9,037	7,852
\$ 215,840	\$ 186,193	\$ 160,465	\$ 149,733	\$ 130,670	\$ 105,418

Ten-Year Statistical Review

(in thousands)

REVENUE, EXPENSES AND UNDIVIDED PROFITS	1976	1975	1974	1973
REVENUE				
Income from loans	\$2,020,941	\$1,793,722	\$1,613,365	\$1,015,923
Income from securities	218,046	189,703	166,220	120,510
Other operating revenue	198,245	179,378	137,569	115,364
Total Revenue	2,437,232	2,162,803	1,917,154	1,251,797
EXPENSES				
Interest on deposits	1,431,877	1,256,592	1,221,258	673,477
Salaries, etc. #	428,391	362,099	291,197	233,661
Property expenses #	111,866	88,003	70,503	56,730
Other operating expenses #	197,709	168,237	123,194	95,785
Total Expenses	2,169,843	1,874,931	1,706,152	1,059,653
Balance of revenue	267,389	287,872	211,002	192,144
Provision for income taxes	110,000	134,630	103,800	92,900
Balance of revenue after taxes	157,389	153,242	107,202	99,244
Appropriation for losses	65,000	66,500	45,100	41,350
Balance of profits	92,389	86,742	62,102	57,894
Dividends	47,751	43,751	36,590	33,929
Amount carried forward	44,638	42,991	25,512	23,965
Undivided profits at beginning of year	1,249	1,758	1,246	4,781
Transfer from accumulated appropriations for losses	40,000	—	—	25,000
	85,887	44,749	26,758	53,746
Transferred to Rest Account	84,666	43,500	25,000	52,500
Undivided profits at end of year	\$ 1,221	\$ 1,249	\$ 1,758	\$ 1,246
OTHER INFORMATION				
Balance of Revenue after tax per share	\$ 4.30	\$ 4.39	\$ 3.22	\$ 2.98
Balance of Profits per share	\$ 2.53	\$ 2.48	\$ 1.87	\$ 1.74
Dividends per share	\$ 1.30½	\$ 1.23	\$ 1.10	\$ 1.02
Number of branches	1,567	1,524	1,470	1,409

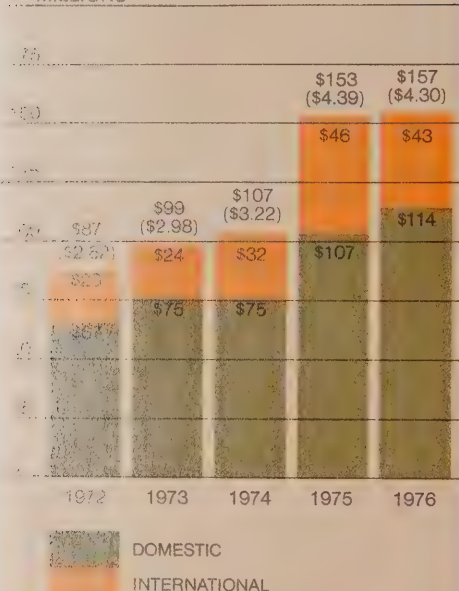
*The undivided profits at the beginning of the year ended October 31, 1971 have been adjusted to include the undivided profits of subsidiaries whose earnings were not previously consolidated.

#For space reasons, some statutory headings have been abbreviated or reworded but in all such cases amounts correspond to those in annual statements where published.

1972	1971	1970	1969	1968	1967
\$728,294	\$ 664,348	\$ 686,322	\$514,139	\$ 361,927	\$282,843
114,300	119,776	111,953	104,641	99,763	75,291
100,534	88,953	85,434	77,303	66,354	60,493
943,128	873,077	883,709	696,083	528,044	418,627
462,656	452,540	487,885	348,403	232,319	173,193
181,681	166,342	150,509	138,394	115,861	105,277
48,857	45,235	41,147	36,757	33,059	29,646
84,435	68,578	59,888	52,199	44,610	41,619
777,629	732,695	739,429	575,753	425,849	349,735
165,499	140,382	144,280	120,330	102,195	68,892
78,286	69,500	75,000	62,100	52,430	34,800
87,213	70,882	69,280	58,230	49,765	34,092
35,814	26,830	24,660	17,700	14,441	3,813
51,399	44,052	44,620	40,530	35,324	30,279
31,933	29,272	28,607	25,613	23,285	19,959
19,466	14,780	16,013	14,917	12,039	10,320
3,315	3,536*	1,484	1,567	1,528	2,208
15,000	—	—	—	—	—
37,781	18,316	17,497	16,484	13,567	12,528
33,000	15,000	16,000	15,000	12,000	11,000
\$ 4,781	\$ 3,316	\$ 1,497	\$ 1,484	\$ 1,567	\$ 1,528
\$ 2.62	\$ 2.13	\$ 2.08	\$ 1.75	\$ 1.50	\$ 1.02
\$ 1.55	\$ 1.32	\$ 1.34	\$ 1.22	\$ 1.06	91¢
96¢	88¢	86¢	77¢	70¢	60¢
1,393	1,366	1,312	1,264	1,241	1,221

BALANCE OF REVENUE AFTER TAX (IN BRACKETS—DOLLARS PER SHARE)

\$ MILLIONS



DOMESTIC

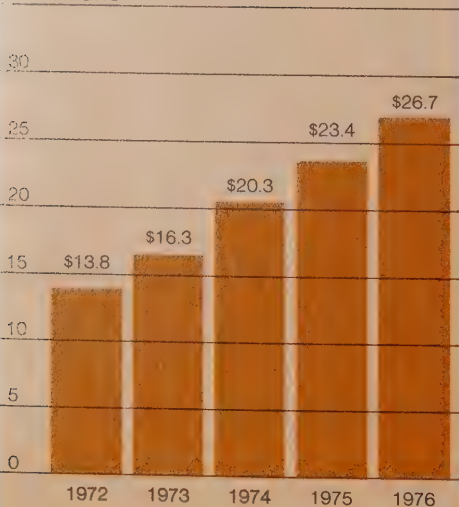
INTERNATIONAL

This calculation of domestic and international balance of revenue involves internal allocations and differs somewhat from the calculation used in applying Anti-Inflation Board regulations.

CHART 1
CHART 2

TOTAL ASSETS (ANNUAL AVERAGE)

\$ BILLIONS



MANAGEMENT'S COMMENTS ON THE YEAR'S FINANCIAL RESULTS

Summary

Despite an operating environment in Canada and abroad substantially more difficult than the exceptionally favourable conditions which prevailed in 1975, the Bank's after-tax balance of revenue for the year ended October 31, 1976 was \$157.4 million, 3% higher than \$153.2 million earned in the previous year. Earnings per share based on a greater number of shares outstanding were \$4.30 in 1976, down from \$4.39 in 1975.

The 1975 growth in after-tax earnings was extraordinary, largely because of a combination of strong growth in business volumes and unusually wide interest rate spreads. In 1976, the growth in business volumes moderated and interest rate spreads returned to more usual levels, particularly in the latter part of the year.

Even with the relatively small growth in earnings this year, the average annual rate of growth in after-tax earnings in the last five years has been 17.3% and in earnings per share, 15.1%.

Domestic/International Earnings

After-tax earnings from domestic operations at \$113.9 million in 1976 were \$7 million or 7% over 1975. While domestic business volumes, measured in annual average earning assets were up 17%, interest rate spreads were narrower and non-interest operating expenses continued to climb. The after-tax earnings from international operations in 1976 were \$43.5 million, down about 6% from 1975. Business volumes were only moderately higher than 1975 and, as with domestic operations, interest rate spreads were narrower. In all, 72% of 1976 after-tax earnings were from domestic operations and 28% from international activities, a relationship which has not changed materially during the last five years (chart 1).

Growth and Capital

The business volumes of the Bank, as measured by annual average total assets, were \$26.7 billion in 1976, an increase of 14% from the previous year. Total assets reached \$28.8 billion by the year-end. Over the five-year period from 1972 to 1976, average assets have grown at an average annual rate of 17.2%, almost the same rate as the 17.3% increase in after-tax earnings.

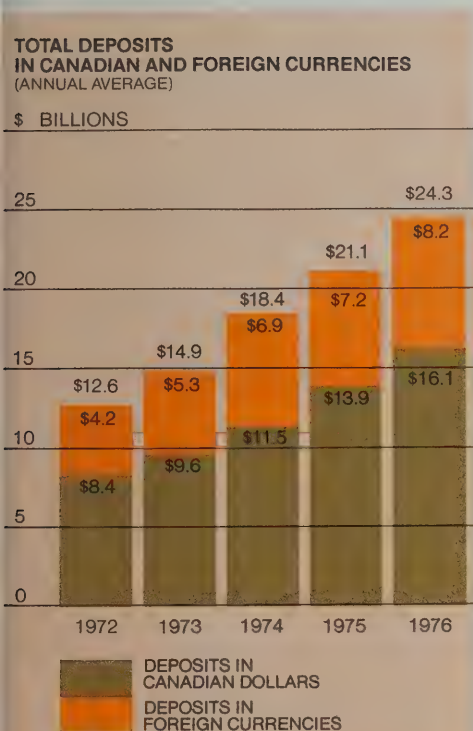


CHART 3
CHART 4



In Canada, consumer and mortgage loans grew at a faster pace than business and other loans. At October 31, TermPlan, or consumer instalment loans, totalled \$2.1 billion, up 26% from a year earlier. The total of NHA and conventional mortgage loans outstanding at the year-end was \$2 billion. The Bank advanced close to \$800 million in new mortgages during 1976 and sales of mortgages to its affiliated company, RoyMor Ltd., and other investors were over \$370 million. At the year-end, total mortgages originated and administered by the Bank amounted to \$2.9 billion.

In international operations, the two major components of the Bank's assets are deposits with, and loans to, other banks and loans to businesses and governments. Deposits with, and loans to, other banks grew 22.1% on average in 1976 and the year-end balances were \$4.6 billion. Business, government and other loans grew at a slower 3.5% rate and totalled \$3.7 billion at the end of the year.

In 1976 total average deposits of the Bank were \$24.3 billion, an increase of 15.3% over 1975. Of these deposits, \$16.1 billion or 66% were denominated in Canadian dollars with the balance of \$8.2 billion or 34% being in foreign currency. These proportions are relatively unchanged over the past five years.

The Bank defines capital as the sum of subordinated debentures, accumulated appropriations for losses and shareholders' equity.

As at October 31, 1976, this capital base was almost \$1.3 billion. During the fiscal year the Bank issued \$70 million of debentures, increased accumulated appropriations (a reserve for unforeseen future losses) by \$13 million and added \$88 million to shareholders' equity. With these additions, totalling \$171 million, the Bank's deposit to capital ratio at the year-end was 20.4 to 1, unchanged from a year earlier.

Interest Spreads and Other Revenues

The major portion of the Bank's revenues derives from net interest earnings, the difference between the interest charged to borrowers, and that paid to depositors and debenture holders. In 1976, these earnings, or spread, amounted to \$807 million, an increase of \$80 million or 11% over the previous year. This rate of increase in total dollar spread was less than the rate of growth in business volumes, as rates of spread available in both domestic and international markets were smaller than in 1975. As can be seen on chart 5, the interest rate spread measured as a percent of total assets declined sharply from the fourth quarter of 1975 high of about 3.23% to a low of 2.93% in the third quarter of 1976.

SPREAD (NET INTEREST REVENUE)
AS A PERCENT OF TOTAL ASSETS
(FISCAL QUARTERS)

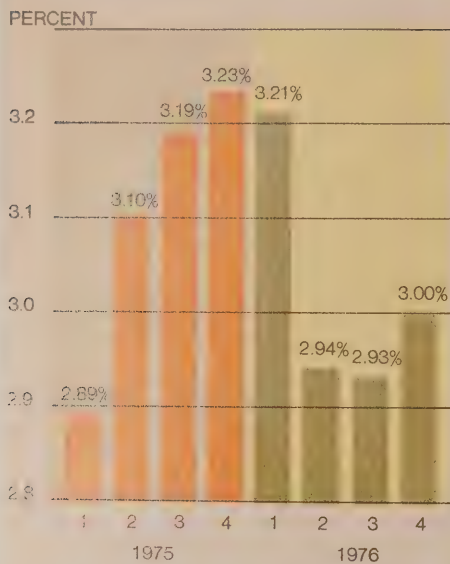


CHART 5
CHART 6

PRIME RATE AND 90-DAY DEPOSIT RATE
AND DIFFERENCE BETWEEN THEM
(MONTH-END PLOTS)



In Canadian operations there were two major reasons for the decline in the rate of interest spread. Early in fiscal 1975 the rate of spread was favourably influenced by an unusually large difference between short-term interest rates paid on large deposits and the prime lending rate for large business borrowers. This situation was attributable to Bank of Canada monetary policy and the general availability of funds. However, by the last quarter of fiscal 1975 and into early 1976 the spread between these two key interest rates returned to more normal levels and then narrowed even further, thus reducing spread margins severely. While other factors also have a bearing on Canadian spreads, the relationship between prime rate and the rate paid for large term deposits has a major influence and its impact in 1976, relative to 1975, is shown graphically in chart 6. A second factor was the preferential, independent business base lending rate. As the prime rate was moved up in both 1973 and 1976, an independent business rate was introduced to protect small business borrowers from some of the adverse effects of higher interest rates. In March 1976, this independent business rate remained at 9¼% when prime was raised to 10¼%, thus increasing the squeeze on spread.

The other major factor reducing spreads in Canadian operations has been a higher cost "mix" of deposits. The current inflationary environment has tended to reinforce the preference of individuals and corporations for high interest rate term and other deposits. Furthermore, the Bank of Canada has been deliberately constraining the growth of demand deposits in support of the Government anti-inflation program thus forcing all banks to use a greater proportion of high cost deposits to fund loan growth. There is a further reason for the narrowing of the spreads on the Bank's Canadian dollar business volumes, in that, in March, 1976 when interest rates moved up strongly, the rate paid on Bonus Savings deposits was raised by ¾% while prime was raised by only ½%.

The relatively greater proportion of high interest rate deposits in 1976 compared with 1975 is shown in chart 7.

In foreign currency operations the interest rate spreads were also narrower in 1976 than in 1975. Primarily this reflects the exceptional conditions in the international money markets in 1975. In that year general economic uncertainty and the failure of some international banks created a situation where the Royal and other major international banks of unquestioned soundness were able to attract deposits at very favourable rates. In 1976 more normal conditions and spreads returned to these markets.

HIGH INTEREST COST DEPOSITS* AS A PERCENT OF TOTAL CANADIAN DEPOSITS (FISCAL QUARTERS)

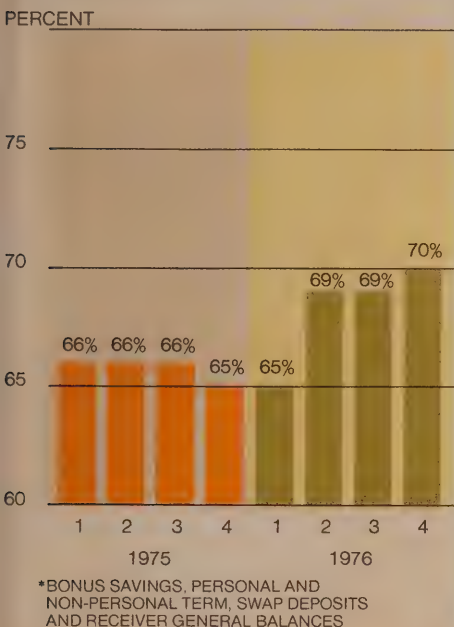
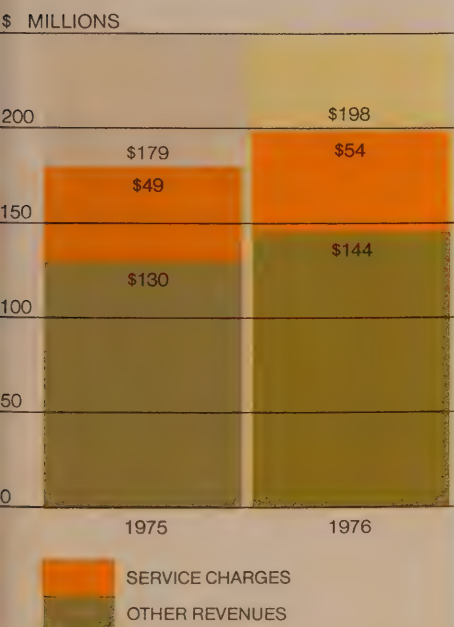


CHART 7
CHART 8

OTHER OPERATING REVENUES



Other operating revenues totalled \$198 million in 1976, an increase of 11% from 1975. The largest component of other operating revenues is the service charges on our deposits and package services, such as Royal Certified Service. These service charges totalled \$54 million in 1976, an increase of 12% over 1975, largely because of higher volumes as service charge rates in Canada were frozen by AIB regulations. The international scope of the Royal Bank's operations and the range of services it can provide also result in revenues from other services such as income from foreign exchange transactions, commitment and loan fees on large international and Canadian credits, letters of credit and guarantees, and international collection charges.

Non-Interest Operating Expenses

Non-interest operating expenses totalled \$738 million in 1976, an increase of \$120 million or 19% over 1975 levels. While the 19% increase was less than the 23% to 27% increases experienced in the three years prior to 1976, the continuing escalation of these expenses in the face of narrowing interest rate spreads is a major concern of the management of the Bank. The breakdown of non-interest operating expenses is shown in chart 9.

The cost of Bank staff is the greatest portion of the Bank's non-interest operating expenses. In 1976 it comprised 58% of the total. The growth in staff costs in the past year was 18%, a lower rate of increase than in recent years. This reflects a restraint on the growth in the number of staff in 1976 as well as lower adjustments of salary levels due to reduced inflation and the impact of Anti-Inflation Board guidelines on compensation.

In 1976, the Bank's property costs increased 27% or \$24 million from the previous year. The major part of property expenses is for the premises occupied by branches and administrative functions, and for computer and other equipment. While all of these expenses have escalated in recent years because of the need to service a rapidly expanding volume of business, the costs of automation have been the fastest growing component of property costs. This reflects the continuing transfer of work from people to machines, enabling us to handle increasing volumes of existing and new services efficiently and effectively.

Other operating expenses include a provision for losses on loans. This provision is determined by applying the average net loss experience of the last five years, including the current year, to the total loans outstanding at the end of the current year. In 1976, the provision for losses on loans based on this five-year average was \$66.5 million, up 33% over \$50 million in 1975.

NON-INTEREST EXPENSES

\$ MILLIONS

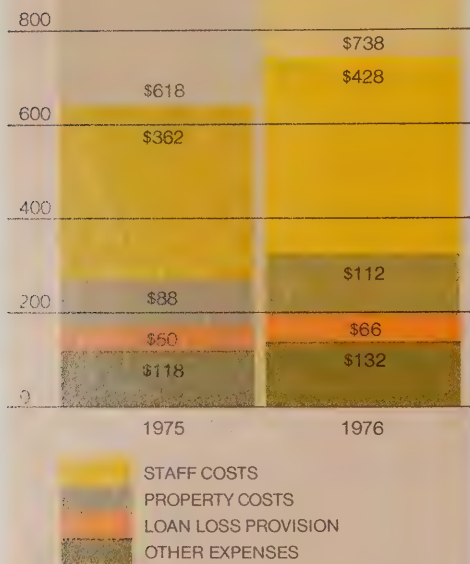
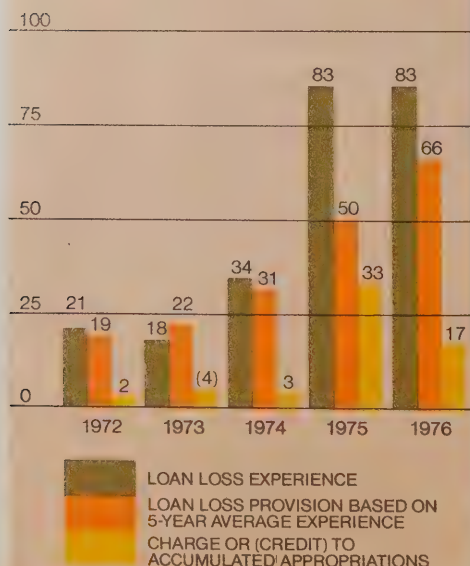


CHART 9
CHART 10

LOAN LOSSES

\$ MILLIONS



As can be seen from chart 10, the loan loss experience in both 1975 and 1976 was \$83 million, a figure substantially higher than in the previous years. The recent, higher loan loss experience is, of course, the major reason why the provision for loan losses has more than doubled since 1974. This higher loss experience reflects the difficult economic conditions encountered in the last two years by some of our borrowing customers—both corporate and personal—in Canada and abroad. A significant proportion of this loss experience is attributable to our estimate of possible (and to a much smaller extent realized) losses on our lending exposure to Real Estate Investments Trusts (REITs) in the United States. In view of the continued uncertain future of some of these companies, we feel that it is prudent to have provided generously for potential losses, although we continue to take action to bring about a more favourable solution to this situation.

The “other expenses” of the Bank shown in chart 9 and included in other operating expenses in the financial statements, include the many other costs of business operations. Stationery, communications, postage and courier costs, advertising and travel expenses are among the major components. While many of these costs have risen sharply in the present inflationary environment, a concerted effort is being made to reduce their rate of growth. During the past year the overall increase was 11%, a significantly lower rate of growth than in the preceding two years.

Balance of Revenue

In summary, while spreads and other operating revenues increased \$80 million and \$19 million respectively, or a total of \$99 million, non-interest operating expenses increased \$120 million resulting in a \$21 million or 7% reduction in pre-tax earnings.

The provision for income taxes was \$110 million, \$25 million less than in 1975. Thus, balance of revenue after income taxes in 1976 was \$157 million, \$4 million higher than in the preceding year.

Directors

Chairman and President

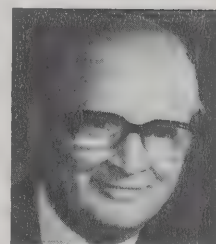


W. Earle McLaughlin
Montreal
Chairman and President,
The Royal Bank of
Canada

Deputy Chairmen and Executive Vice-Presidents



J.K. Finlayson
Montreal
Deputy Chairman and
Executive Vice-President,
The Royal Bank of
Canada



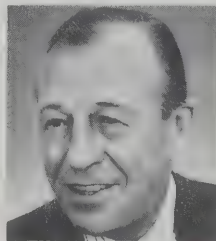
W.D.H. Gardiner
Toronto
Deputy Chairman and
Executive Vice-President,
The Royal Bank of
Canada

Executive Vice-President and Chief General Manager



Rowland C. Frazee
Montreal
Executive Vice-
President and Chief
General Manager,
The Royal Bank of
Canada

Vice-Presidents



W.O. Twaits, C.C.,
Toronto
Company Director



Ian D. Sinclair
Montreal
Chairman and Chief
Executive Officer,
Canadian Pacific Limited

**Directors
(continued)**



**The Rt. Hon.
Lord Adeane**
London, England
Company Director



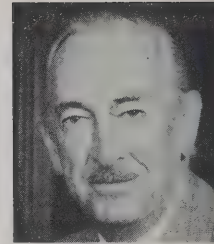
D.S. Anderson
Toronto
*Chairman,
Canada Realities Limited*



John A. Armstrong
Toronto
*President and Chief
Executive,
Imperial Oil Limited*



Ian A. Barclay
Vancouver
*Chairman and Chief
Executive Officer,
British Columbia Forest
Products Limited*



T.J. Bell, M.C.
Toronto
*Chairman of the Board
and Chief Executive
Officer,
Abitibi Paper Company
Ltd.*



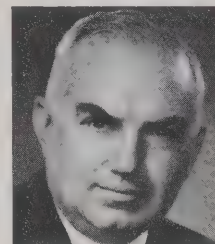
G.H. Blumenauer
Hamilton
*Chairman and President,
Otis Elevator Company
Limited*



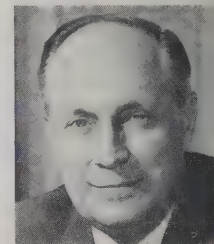
**G. Allan Burton,
D.S.O., E.D., LL.D.**
Toronto
*Chairman and Chief
Executive Officer,
Simpsons, Limited*



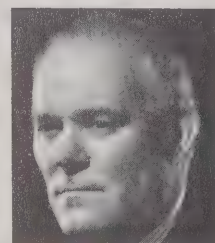
**R.B. Cameron, O.C.,
D.S.O.**
Halifax
*Chairman of the Board,
Maritime Steel &
Foundries Limited*



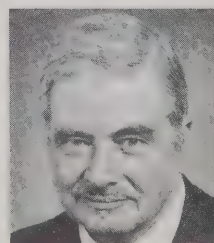
A.B. Christopher
Vancouver
*President,
Montrose Developments
Ltd.*



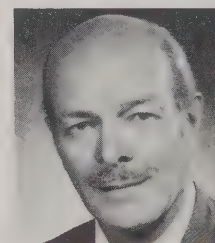
John H. Coleman
Toronto
*President,
J.H.C. Associates
Limited*



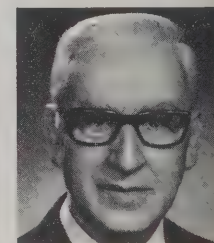
F.B. Common, Jr., Q.C.
Montreal
*Partner,
Ogilvy, Montgomery,
Renault, Clarke,
Kirkpatrick, Hannon &
Howard*



**F.M. Covert, O.B.E.,
D.F.C., Q.C.**
Halifax
*Partner,
Stewart, MacKeen &
Covert*



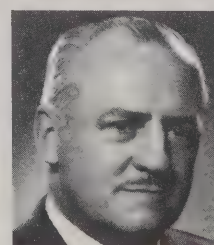
L.G. DesBrisay
Moncton
*President,
Blakeny & Son Ltd.*



**The Hon. Paul
Desruisseaux, Q.C.**
Sherbrooke
*Chairman,
Desmont Research and
Development Inc.*



Mrs. Mitzi S. Dobrin
Montreal
*Vice-President and
General Manager,
Steinberg Limited*



J.E.L. Duquet, Q.C.
Montreal
*Senior Partner,
Duquet, MacKay,
Weldon & Bronstetter*



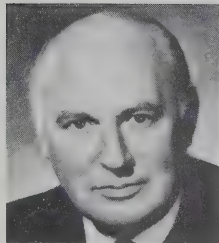
**G. Campbell Eaton,
M.C., C.D.**
St. John's, Nfld.
*Managing Director,
Newfoundland Tractor
& Equipment Co. Ltd.*



Kelly H. Gibson
Calgary
*Chairman of the Board,
Westcoast Transmission
Company Limited*



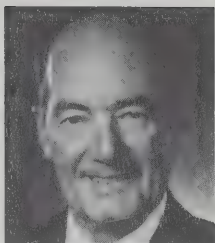
Floyd D. Hall
New York
Chairman of the
Executive Committee,
IATA



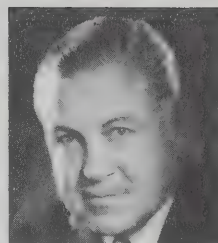
**Sir Charles E.M.
Hardie, C.B.E.**
London, England
Partner,
Dixon, Wilson &
Company



George Heffelfinger
Winnipeg
President,
Highcroft Enterprises
Limited



David S. Holbrook
Sault Ste. Marie
Chairman,
The Algoma Steel
Corporation, Limited



L.G. Lumbers
Toronto
Chairman of the Board,
Noranda Manufacturing
Ltd.



**P.L.P. Macdonnell,
Q.C.**
Edmonton
Partner,
Milner & Steer



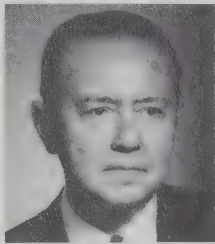
Clifford S. Malone
Montreal
President and Chief
Operating Officer,
Canron Limited



F.C. Mannix
Calgary
Company Director



J. Pierre Maurer
Ottawa
President—
Canadian Operations,
Metropolitan Life
Insurance Company



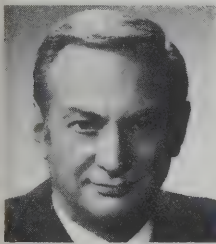
J.P. Monge
New York
Vice-Chairman,
International Paper
Company



Pierre A. Nadeau
Montreal
President and Chief
Executive Officer,
Petrofina Canada Ltd.



Paul Paré
Montreal
President,
Imasco Limited



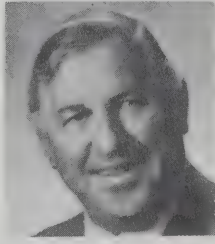
Neil F. Phillips, Q.C.
Montreal
Partner,
Phillips & Vineberg



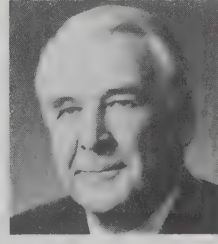
Herbert C. Pinder
Saskatoon
President,
Saskatoon Trading
Company Limited



Claude Pratte, Q.C.
Quebec
Advocate



Charles I. Rathgeb
Toronto
Chairman and Chief
Executive Officer,
Comstock International
Ltd.



A.M. Runciman
Winnipeg
President,
United Grain Growers
Limited



Pierre A. Salbaing
Montreal
President and
Managing Director,
Canadian Liquid Air
Ltd.



P.R. Sandwell
Vancouver
Chairman,
Sandwell and Company
Limited



P.N. Thomson
Montreal
Deputy Chairman,
Power Corporation of
Canada, Limited



John A. Tory, Q.C.
Toronto
President,
The Thomson
Corporation Limited



Colin W. Webster
Montreal
Vice-Chairman,
Canadian Fuel
Marketers Ltd.



C.N. Woodward
Vancouver
Chairman of the Board,
Woodward Stores
Limited

The organization on this and the following pages reflects changes made at a meeting of the Board of Directors held in Montreal, January 13, 1977.

Executive Officers

Chairman and President

W. Earle McLaughlin

Deputy Chairman and Executive Vice-President

J.K. Finlayson (Montreal)

Deputy Chairman and Executive Vice-President

W.D.H. Gardiner (Toronto)

Executive Vice-President and Chief General Manager

Rowland C. Frazee

Executive Vice-Presidents

T.S. Dobson

B.J. McGill

HEAD OFFICE

Senior Vice-Presidents and General Managers

W.L. Arthur (Administration)

J.C. McMillan (Corporate Banking-Canada)

R.C. Paterson (Finance & Investments)

A.R. Taylor (International)

H.E. Wyatt (Canada)

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R.L. Arsenault

J.E. Cleghorn

C.N. Downing

A.G. Halliwell

H.S. Hardy

W.A. Maas

A.H. MacKenzie

J.A. Milburn

R.M. Mitchell

M.J. Regan

J.M. Walker

Chief Economist

R.G.M. Sultan

Chief Inspector

L.E. Gillmoure

Comptroller & Chief Accountant

K.A. Smee

Secretary

R.J. Moores

Assistant General Managers

G.A. Bellevue

W.C. Bull

G.R. Burns

W.P. Carter

A. Cravero

H.F. Dinner

J.C. Grant

L.M. Irvine

G.J. Johnson

E.W. Latimer

D.C. Maltby

E.D. Welland

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Vice-Presidents

P.A. Fréchette—Quebec (Montreal)

W.D. Henry—British Columbia (Vancouver)

H.E. McClenaghan—Ontario (Toronto)

W.S. Snook—Ontario (Toronto)

R.A. Utting—Europe (London, England)

General Managers

R.B. Ashforth (Calgary)

J.G.R. Bénard (Montreal)

J.E. Broadley (Montreal)

H.G. Hurd (Regina)

A.A. Johnson (Montreal)

B.M. Lamont (Montreal)

W.A.R. MacDonald (Winnipeg)

A.H. Michell (Toronto)

M.O.P. Morrison (Toronto)

C.O. Rochon (Montreal)

J.C. Sinclair (Halifax)

R.G.P. Styles (Toronto)

A. de Takacsy (Paris)

Deputy General Manager

G.C. Aitken (Toronto)

Assistant General Managers

E.P. Bowser (Ottawa)

B.D. Champion (Montreal)

A.M. Channell (Vancouver)

A.E. Colling (Toronto)

B.D. Gregson (Toronto)

R.F. Gulliford (Montreal)

W.P. Lefavre (Edmonton)

E.J. Lovick (Vancouver)

G.E. Lowe (Montreal)

W.J. MacKay (Calgary)

J.G. Macpherson (Vancouver)

J.B. McDonald (Toronto)

H.R. McLean (Toronto)

J.M. Messmer (Toronto)

J.V. Oram (Hong Kong)

P.J. Rossiter (Toronto)

H.C. Stewart (Montreal)

R.A. Thomas (New York)

E.K. Upstone (Toronto)

D.S. Wells (Montreal)

G.W. Wheeler (Toronto)

Assistant General Managers

(seconded to subsidiary or affiliated companies)

E.W. Brokes (Athens, Greece)

B.V. Kelly (London, England)

W.N. McFadyen (London, England)

J.F. Smith (Nassau)

Head Office Organization

BANKING DIVISIONS

Canada

H.E. Wyatt, Senior Vice-President and General Manager
H.S. Hardy, Deputy General Manager

Commercial Banking

A.G. Halliwell, Deputy General Manager
W.P. Carter, Assistant General Manager, Mortgages and Special Deposit Services

Consumer Banking

W.A. Maas, Deputy General Manager
E.D. Welland, Assistant General Manager, Consumer Credit

Corporate Banking

J.C. McMillan, Senior Vice-President and General Manager

Corporate Development

J.A. Milburn, Deputy General Manager

Corporate Lending

J.E. Cleghorn, Deputy General Manager
G.A. Bellevue, Assistant General Manager
G.R. Burns, Assistant General Manager

Corporate Marketing

D.C. Maltby, Assistant General Manager

Project Financing

G.J. Johnson, Assistant General Manager

International

A.R. Taylor, Senior Vice-President and General Manager
M.J. Regan, Deputy General Manager
A. Cravero, Assistant General Manager

International Money Markets

R.M. Mitchell, Deputy General Manager

CORPORATE DIVISIONS

Administration

W.L. Arthur, Senior Vice-President and General Manager

Chief Inspector's Department

L.E. Gillmoure, Chief Inspector

Organization

W.C. Bull, Assistant General Manager

Personnel

A.H. MacKenzie, Deputy General Manager

Real Estate Resources

R.L. Arsenault, Deputy General Manager
L.M. Irvine, Assistant General Manager

Secretariat

R.J. Moores, Secretary

Systems and Processing Operations

C.N. Downing, Deputy General Manager
J.C. Grant, Assistant General Manager
E.W. Latimer, Assistant General Manager

Finance & Investments

R.C. Paterson, Senior Vice-President and General Manager

Control and Financial Planning

K.A. Smee, Comptroller and Chief Accountant

Economics Department

R.G.M. Sultan, Chief Economist

Investments

G.C. Aitken, Deputy General Manager (Toronto)

CORPORATE PLANNING

W.C. Bull, Assistant General Manager

FIELD OPERATIONS

Atlantic Provinces

Halifax

J.C. Sinclair, General Manager

Quebec

Montreal

P.A. Fréchette, Vice-President—Quebec
H.C. Stewart, Assistant General Manager, Administration

Montreal

C.O. Rochon, General Manager
B.D. Champion, Assistant General Manager, Corporate Banking
D.S. Wells, Assistant General Manager (Montreal Branch)

Quebec East

J.G.R. Bérard, General Manager

Ontario

Toronto

H.E. McClenaghan, Vice-President—Ontario
W.S. Snook, Vice-President—Ontario
G.W. Wheeler, Assistant General Manager, Administration

East and North

M.O.P. Morrison, General Manager
E.P. Bowser, Assistant General Manager (Ottawa)

Metro Toronto

R.G.P. Styles, General Manager
B.D. Gregson, Assistant General Manager (Toronto Branch)
H.R. McLean, Assistant General Manager, Branch Banking
P.J. Rossiter, Assistant General Manager, International Centre
J.M. Messmer, Assistant General Manager, Corporate Banking
E.K. Upstone, Assistant General Manager, Corporate Banking

Ontario West

A.H. Michell, General Manager
A.E. Colling, Assistant General Manager, Corporate Banking
J.B. McDonald, Assistant General Manager, Branch Banking

Manitoba and Northwestern Ontario

Winnipeg

W.A.R. MacDonald, General Manager

Saskatchewan

Regina

H.G. Hurd, General Manager

Alberta

Calgary

R.B. Ashforth, General Manager

W.J. MacKay, Assistant General Manager, Alberta South

Edmonton

W.P. Lefavre, Assistant General Manager, Alberta North

British Columbia

Vancouver

W.D. Henry, Vice-President and General Manager
A.M. Channell, Assistant General Manager, Corporate Banking
E.J. Lovick, Assistant General Manager, Branch Banking
J.G. Macpherson, Assistant General Manager, Corporate Banking

International Areas Organization

Asia, Australia, Africa, Middle East

Montreal:

B.M. Lamont, General Manager
R.F. Gulliford, Assistant General Manager
W.E. Neapole, Regional Manager,
Asia and Australia

Hong Kong:

J.V. Oram, Assistant General Manager,
Asia and Australia

Europe

London:

R.A. Utting, Vice-President, Europe
N.H.P. Hardinge, General Manager,
U.K. and Scandinavia

Paris:

A. de Takacsy, General Manager,
Continental Europe

Montreal:

H.F. Dinner, Assistant General Manager

Latin America and Caribbean

Montreal:

A.A. Johnson, General Manager
J.P. Hutchison, Regional Manager, Caribbean
T.H. Kennedy, Regional Manager, Latin America
M.A. Brennan, Regional Manager,
Latin America—Direct Business

Bridgetown:

N. Brewis, District Manager, Eastern Caribbean

Georgetown:

C.H. Anderson, District Manager, Guyana

Nassau:

C.W. Minard, District Manager, Bahamas,
Belize and Cayman Islands

San Juan:

J. Scott, District Manager,
Puerto Rico and U.S. Virgin Islands

Santo Domingo:

L.L. Street, District Manager,
Dominican Republic and Haiti

U.S.A.

Montreal:

J.E. Broadley, General Manager, U.S.A.
J.M. Walker, Deputy General Manager, U.S.A.
G.E. Lowe, Assistant General Manager, U.S.A.

New York:

R.A. Thomas, Assistant General Manager
and Chief Agent, New York

San Francisco:

I.R. Hastings, Senior Agent

Representatives

Australia

Sydney, 139 Macquarie St.,
Sydney, N.S.W. 2000
S. Smith, Regional Representative

France

Paris, 3, rue Scribe, 75440 Paris, Cedex 09
P.H. Hofmann, Senior Representative,
Continental Europe
O.H. Hecht, Regional Representative

Germany

Frankfurt, Bockenheimer Landstrasse 39,
6, Frankfurt/Main 1
C.G. Morkel, Regional Representative
G.W. Reinzuch, Representative

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10 Ice House St., P.O. Box 3302, Hong Kong
N. Bailey, Regional Representative

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1-1, Marunouchi 3-Chome
P.O. Box 1709, Tokyo
R.G. Laliberté, Regional Representative
B.F. Legg, Representative
A. Tsuji, Representative

United Kingdom

London, 2 Palace Gate, W8 5NF
D.R. Crook, Regional Representative
A.J. Charles, Regional Representative
A.A. McArthur, Oil & Gas Representative

United States of America

New York, N.Y., 68 William Street,
New York 10005
P.J. Hatt, Agent, Corporate Development
A.H. MacDonald, Assistant Manager,
Corporate Development
S. Huk, Representative
W.J.E. Poynter, Representative
R.E. Thompson, Representative

Chicago, Ill., 33 North Dearborn Street,
Room 1215, Chicago 60602
D.B. McKeeman, Resident Representative
A.B. Colpitts, Representative
J.D. Frost, Representative
D.D. Stewart, Representative

Dallas, Texas, 333 North St. Paul Street,
Suite 2128, Dallas 75201
M.B. Lambert, Resident Representative
J.M. McIntyre, Representative
R.F.M. Smith, Representative

Los Angeles, Cal., 510 West Sixth Street,
Suite 1221, Los Angeles 90014
J.G. Murray, Resident Representative
E.W. Moyer, Representative

Venezuela

Caracas, Edificio Cavendes,
7th Floor, Office No. 103
Avenida Francisco Miranda,
Corner 1A Avenida, Los Palos Grandes
Apartado 70666, Caracas 107
J.R. Glahome, Regional Representative

Subsidiary Banks

Bahamas

THE ROYAL BANK OF CANADA
INTERNATIONAL LIMITED
Beaumont House, P.O. Box N-3024
Nassau, N.P.
J.F. Smith, President
R.A. Lacey, Vice-President & Treasurer

Channel Islands

THE ROYAL BANK OF CANADA
(CHANNEL ISLANDS) LIMITED
Saumarez St., P.O. Box 48
St. Peter Port, Guernsey
T.J. Betley, Managing Director

France

THE ROYAL BANK OF CANADA (FRANCE)
3, rue Scribe, 75440 Paris, Cedex 09
A. de Takacsy, President

Lebanon

THE ROYAL BANK OF CANADA
(MIDDLE EAST) S.A.L.
Saint Charles City Centre
Daouk St., P.O. Box 11-2520, Beirut
B.M. Lamont, President (Montreal)
E.W. Brokes, General Manager

United States of America

THE ROYAL BANK OF CANADA
TRUST COMPANY
68 William St., New York 10005
R.A. Thomas, President
A.J. Bassett, Vice-President & Trust Officer
W.A. McLeod, Vice-President

Affiliated Banks and Financial Organizations

Africa (Central African Nations)

EQUATOR BANK LIMITED
777 Main Street
Hartford, Connecticut 06115
Niles E. Helmboldt, President

Australia

I.M.F.C. DISCOUNTS LIMITED
10th Floor, 151 Macquarie St.
Sydney, N.S.W. 2000
A. de V. Stewart-Richardson, Chairman

ROYAUST LIMITED
6th Floor, 139 Macquarie St.
Sydney, N.S.W. 2000
Sidney Smith, Director

Bahamas

BISHOPS INTERNATIONAL BANK LIMITED
P.O. Box N-7144, Nassau, N.P.
Roger A. Coe, President

ROYWEST BANKING CORPORATION LIMITED
P.O. Box N-4889, Nassau, N.P.
T.J. Edwards, Managing Director

Belgium

BANQUE BELGE POUR L'INDUSTRIE, S.A.
1, rue de Ligne, 1000 Bruxelles
Jacques Glorieux, Chairman
A. Stas de Richelle, Managing Director

Brazil

BANCO INTERNACIONAL S.A.
Rua 15 de Novembro 240, São Paulo
J.M. Lahens, President

Canada

AETNA FACTORS CORPORATION LTD.
Alexis Nihon Plaza, 1500 Atwater Avenue
Montreal, Quebec
M. Suhl, President

ROYMARINE LEASING LIMITED
Sun Life Building, 1155 Metcalfe St.,
Montreal, Que., H3B 2V6
H.S. Miller, President

INSMOR HOLDINGS LIMITED
W.P. Carter, Chairman

INSMOR MORTGAGE INSURANCE COMPANY
4 King Street W., Toronto, Ontario
D.R. Smith, President

ROYMARK FINANCIAL SERVICES LIMITED
Suite 701, 335 Bay Street
Toronto, Ontario
D.W. Morison, Chairman

ROYMOR LTD.
1 Place Ville Marie
Montreal, Que., H3B 3Y1
R.C. Paterson, President

ROYNAT LTD.
620 Dorchester Blvd. W.
Montreal, Que., H3B 1N7
J.D. Thompson, President

Cayman Islands

ROYALBANKEST LIMITED
George Town, Grand Cayman
P.J. Leggatt, Senior Vice-President and Secretary

Colombia

BANCO ROYAL COLOMBIANO
Apartado Aereo 3438
Bogota, Colombia
J.H. Stech, General Manager

France

INTERUNION-BANQUE
8, Place Vendôme, 75001 Paris
Derek C. Pey,
Chairman and Chief Executive Officer
E. Velten, Managing Director

Germany

BANKHAUS BURGARDT UND
BRÖCKELSCHE A.G.
22-24 Westenhellweg, 4600 Dortmund
J. Völling, Chairman
M.A. Nicolai, Member of Board of Management

Greece

ROYMIDEAST INVESTMENTS LIMITED
Leoforas Kifisias 38
Paradisos Amarousion, Athens
E.W. Brokes, Managing Director

Hong Kong

INCHROY CREDIT CORPORATION LIMITED
16th Floor, Wing Lung Bank Building
45 Des Voeux Road, Central
J.N.T. Rednall, Managing Director

ORION PACIFIC LIMITED
28th Floor, Alexandra House,
16-20 Chater Road
R.C. Hall, Managing Director

ROYEAST INVESTMENTS LIMITED
12th Floor, New Henry House
10 Ice House St., Central
K.E. Kennedy, Managing Director

Jamaica

THE ROYAL BANK JAMAICA LIMITED
42 Duke St., P.O. Box 612, Kingston
R. St. A. Sasso, Chairman & Managing Director

The Netherlands

RBC FINANCE B.V.
Herengracht 485, Amsterdam 1001
R.A. Masleck, Managing Director

Thailand

CATHAY TRUST COMPANY LIMITED
Cathay Trust Building
1016 Rama 4 Road, Bangkok
Kiartie Srifuengfung, Chairman
C.M. Keppie, Managing Director

Trinidad & Tobago

THE ROYAL BANK OF TRINIDAD AND
TOBAGO LIMITED
3B Chancery Lane, P.O. Box 287, Port of Spain
C.P. de Souza, Chairman & Managing Director

United Kingdom

LIBRA BANK LIMITED
1 London Wall, London EC2Y 5DN
Dr. A. Machado Gomez, Chairman
T.F. Gaffney, Managing Director

ORION BANK LIMITED
1 London Wall, London EC2Y 5JX
The Hon. David Montagu,
Chairman & Chief Executive Officer
W.N. McFadyen, Managing Director
P.A. Taylor, Executive Director

ORION LEASING HOLDINGS LIMITED
1 London Wall, London EC2Y 5JX
B.V. Kelly, Chairman

Venezuela

BANCO ROYAL VENEZOLANO C.A.
No. 31 Sociedad a Camejo, Apartado 1009,
Caracas 101
A.J. Lara, President
H.J.W. Brophy, Vice-President

Subsidiary and Affiliated Trust Companies

Bahamas

TRUST CORPORATION OF BAHAMAS
LIMITED
West Bay Street
P.O. Box N-7788, Nassau, N.P.
D.R. Kester, Deputy Chairman and
Managing Director

Barbados

ROYAL BANK TRUST COMPANY
(BARBADOS) LIMITED
Cockspur House, Nile Street, Bridgetown
N.L. Smith, Manager

Cayman Islands

ROYAL BANK TRUST COMPANY (CAYMAN)
LIMITED
George Town, Grand Cayman
J.G. Morgan, Managing Director

Channel Islands

THE ROYAL BANK OF CANADA TRUSTEES
(JERSEY) LIMITED
Saumarez Street, P.O. Box 48,
St. Peter Port, Guernsey
T.J. Betley, Managing Director

Guyana

ROYAL BANK TRUST COMPANY (GUYANA)
LIMITED
Royal Bank Building, 38-39 Water Street,
Georgetown
N. Persaud, Manager

Jamaica

ROYAL BANK TRUST COMPANY (JAMAICA)
LIMITED
33 Duke St., Kingston
G.L. Byles, Managing Director

Trinidad & Tobago

ROYAL BANK TRUST COMPANY (TRINIDAD)
LIMITED
31 Frederick St., Port of Spain
R.S. Prasad, General Manager

United Kingdom

THE ROYAL BANK OF CANADA TRUST
CORPORATION LIMITED
30-32 Ludgate Hill, London EC4M 7ND
B.A. Ramsey, General Manager
D.A. Jones, Joint General Manager

Special Services

Agricultural Services

Winnipeg, Manitoba
H.D. McRorie, Director

Halifax, Nova Scotia
R. Wagner, Manager
Montreal, Quebec

F. Fortier, Manager
Toronto, Ontario
G.W. Arnold, Manager
Winnipeg, Manitoba

C. Shewfelt, Manager
Regina, Saskatchewan
J.L. Drew, Manager
Calgary, Alberta
K.R. Sveinson, Manager
Vancouver, British Columbia
J.L. Ranta, Manager

Export Financing

Montreal, Quebec
F.G. Ballachey, Regional Manager

International Centres

Halifax, Nova Scotia
G. Parry, Manager
Montreal, Quebec
G.D. Loewen, Manager
Toronto, Ontario
P.J. Rossiter, Assistant General Manager
Winnipeg, Manitoba
G.W. Cooper, Manager
Regina, Saskatchewan
D.G. Smith, Manager
Calgary, Alberta
G. Underwood, Manager
Vancouver, British Columbia
W.H. Thompson, Manager

Mergers and Acquisitions

Montreal, Quebec
J. Shannon, Manager
Toronto, Ontario
D.F. Payne, Manager

Mining Resource Industry Dept.

Toronto, Ontario
D.E. Smith, Director
M.C. Newbury, Mining Representative
Vancouver, British Columbia
L.G. White, Manager

Oil and Gas Services

Calgary, Alberta
R.D. Jensen, Director
K.R. Kettlewell, Manager, Engineering

Travelplan

Toronto, Ontario
E.K. Culbert, Manager

Royal Bank Representation

Canadian Branches*

Newfoundland 20/Nova Scotia 85
Prince Edward Island 6/New Brunswick 31
Quebec 223/Ontario 571/Manitoba 98
Saskatchewan 104/Alberta 138
British Columbia 194/Northwest Territories 2
Yukon 2

Total 1,474
Branches in Other Countries 93
Total (including sub-branches) 1,567
*At October 31, 1976

In addition to the above, the Royal Bank has financial interests in 90 Subsidiaries and Affiliates throughout the world.

Other Countries

The Royal Bank of Canada is represented through branches, subsidiary or affiliated banks, trust companies, other financial institutions or resident representatives in the following countries:

Antigua/Argentina/Australia/Bahamas
Barbados/Belgium/Belize/Brazil/Brunei
Cayman Islands/Channel Islands/Colombia
Dominica/Dominican Republic/Egypt/France
French West Indies/Germany/Greece/Grenada
Guyana/Haiti/Hong Kong/Jamaica/Japan
Lebanon/Montserrat/The Netherlands/Panama
Puerto Rico/St. Kitts/St. Lucia/St. Vincent
Singapore/Thailand/Trinidad & Tobago
United Arab Emirates (Dubai)/United Kingdom
United States of America/U.S. Virgin Islands
Venezuela

Detailed information concerning Royal Bank representation throughout the world may be obtained from any branch of the Bank, or from the Bank's Head Office, 1 Place Ville Marie, Montreal, Canada (P.O. Box 6001, Montreal, Que., H3C 3A9 Canada).
Telephone (514) 874-2110.

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